Austria Sch 18	Italy L 1700	Portugal Esc 80
Bahrain Din 0.650	Japan Y250	S. Arabia Rls 6.00
Belgium BFr 38	Jordan Fils 500	Singapore S$4.10
Canada C$1.00	Kuwait Fils 500	Spain Pta 100
Cyprus Mils 600	Lebanon L 8.00	Sri Lanka Rup 30
Denmark DKr 7.25	Luxembourg LFr 38	Sweden Skr 5.50
Egypt EP1.00	Malaysia Rn 4.25	Switzerland SFr 2.00
Finland Fmk 5.50	Mexico Pes 300	Taiwan NT $35
France Fr 6.00	Morocco Dh 6.00	Tunisia Din 0.600
Germany DM 2.20	Netherlands Fl 2.50	Turkey L 180
Greece Dr 60	Norway Kr 6.00	UAE Dh 6.50
Hong Kong HK$12	Philippines Pes 20	USA $1.50
India Rup 15		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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UK state industries: what the figures fail to tell, Page 8

NEWS SUMMARY

DeLorean not guilty

John DeLorean was acquitted on eight charges of conspiracy to smuggle drugs by a jury in Los Angeles. The decision followed 59 days of testimony. The former General Motors executive and owner of a collapsed sports car venture faced a maximum sentence of 67 years in prison and a $185,000 fine. DeLorean's lawyers said that he had been entrapped by government agents. The jury's verdict was unanimous.

GENERAL

Gandhi opponent sacked

India's flamboyant film star politician, N.T. Rama Rao, was dismissed and briefly arrested, giving India a new political crisis ahead of national elections. Page 3

In an interview in a film studio in Hyderabad Rao told the Financial Times of his anger at Mrs Gandhi's move to oust him from power.

Mrs Gandhi is surprising even her supporters with the crude and brutal way in which she is removing her opponents before the mid-January election. Page 10

Treaty terms

Morocco and Libya will retain their sovereignty and institutions when a union treaty between them comes into effect after a referendum.

U.N. refused access

U.N. said Israeli troops in southern Lebanon have refused its observers access to a border area where Israeli workers have begun fencing off Lebanese territory.

Lange to tour

New Zealand Premier David Lange is to visit London next month. He said he hoped his new Labour Government would introduce legislation making New Zealand a nuclear-free zone.

Job cuts criticised

The French Communist Party stepped up attacks on the Government's tough line on job cuts in state-owned industries. Page 2

Vessel damaged

Cypriot ship was severely damaged by a mine in the Red Sea. It was the 19th explosion reported in the southern approaches to the Suez Canal. Page 3

Peace talks

Sri Lanka's largest Tamil party is considering whether to take part in government sponsored peace talks after recent disturbances.

Space rendezvous

An unmanned Soviet spacecraft carrying supplies for three cosmonauts on board Salyut-7 docked automatically with the space station.

Coal job losses

Large-scale job losses are likely in the UK coal mining industry because underground conditions at many pits have deteriorated during the 23-week-old strike, according to the National Coal Board. Page 2

Strike looms

A strike at Lufthansa moved closer when pilots and cabin staff rejected a compromise proposal on pay and conditions by an official mediator. Page 2

Death at SA riot

A second black South African student died during rioting at a college near Pretoria after being hit by a police plastic bullet. Page 3

Oil rig fire

At least 31 people drowned when a lifeboat evacuating oil workers from a burning offshore drilling platform, on Brazil's south-east continental shelf, overturned in heavy seas.

Compensation

The U.S. will pay $1.6m in compensation for damage caused during its invasion of Grenada last year.

BUSINESS

Philips doubles profit

PHILIPS, Dutch electronics group, increased earnings by 110 per cent to Fl 544m ($168m) in first half, putting it well on the way to full-year target of Fl 1bn. Page 16

DOLLAR lost ground in London to DM 2.8545 (DM 2.8715), SwFr 2.374 (SwFr 2.4085), FFr 8.765 (FFr 8.83) and Y240.45 (Y241.6). On Bank of England figures its trade-weighted index fell from 136.6 to 135.8. In New York it closed at DM 2.8592, SwFr 2.3810, FFr 8.7725 and Y241.32. Page 29

STERLING rose 75 points in London to $1.3275. It was also higher at Y319.5 (Y319.25) but slipped to DM 3.7925 (DM 3.8), FFr 11.635 (FFr 11.6575) and SwFr 3.1525 (SwFr 3.1825). Its trade-weighted index was unchanged at 78.7. In New York it closed at $1.3245. Page 29

GOLD rose $0.25 on the London bullion market to $352.25. It also rose to $352.25 in Frankfurt and Zurich. In New York the Comex August settlement was $350.90. Page 28

U.S. MONEY SUPPLY: M1 rose $5.2bn in the week ending August 16.

WALL STREET: The Dow Jones industrial average closed 10.16 up at 1209.14. Section III

LONDON gilts recouped early losses after dealing rate cuts. Equities were unsettled and the FT Industrial Ordinary index fell 7.5 to 834.1. Section III

TOKYO stocks drew further selling, taking the Nikkei-Dow market average 23.26 lower at 10,416.24. Section III

PAYMENT of $1bn to Boeing of the U.S. and Rolls-Royce of Britain for 10 747 jets being purchased by Saudia, the Saudi Arabian state airline, will be through a "major banking institution" under the oil barter agreement concluded earlier this year. Boeing and Rolls-Royce will receive the full purchase price for the aircraft, RB-211 engines worth $300m and spares through progress payments and in cash on final deliveries.

INFLATION in Turkey is slowing and foreign investments are increasing said Prime Minister Turgut Ozal. Page 2

PAN AM applied to a New York court for a temporary restraining order to stop its workers striking against plans to freeze pension benefits. Page 4

U.S. housing construction fell by 6.6 per cent last month, with a particularly sharp drop in building starts for single-family homes. Page 4

MEXICO will spend $1.7bn this year and next to develop its mineral resources.

AUSTRALIAN business and industry was thrown into confusion by cuts in export incentives proposed in next Tuesday's budget.

INTERNATIONAL HARVESTER, U.S. farm machinery and truck group, said it was close to signing a deal under which Paris would help to provide state loans for its lossmaking French subsidiary. Page 16

SCANDINAVIAN Trading Company, the oil trading subsidiary of the Volvo car group, showed a SKr 71m ($8.5m) profit for the first six months compared with a SKr 288m loss last year. Page 11

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

U.S. plans special debt issues for foreign investors

BY PAUL TAYLOR AND WILLIAM HALL IN NEW YORK

THE U.S. Treasury plans to target specially-registered issues of government securities to foreign investors, Mr Donald Regan Treasury Secretary, announced yesterday. However, Mr Regan ruled out – at least for the moment – the issue of government paper in unregistered (bearer) form.

The new issues, which could come as early as next month, are part of a major package of innovative measures designed to encourage the purchase of U.S. securities by foreigners free from withholding tax, thereby reducing the cost of financing the U.S. budget deficit.

Credit markets welcomed the package. The new long bond, Treasury 12½ per cent, 2014, jumped by more than 1¼ points to 100⁹⁄₃₂. The general response was that the new measures might encourage further foreign demand for U.S. government paper.

Several elements of the package remain unclear, however. In particular, the Treasury has yet to decide whether to ban further issues of repackaged government paper in bearer form by the major Wall Street firms, similar to those made last week by Salomon Brothers and Merrill Lynch in the wake of the successful quarterly refunding.

Other major elements of the package are:

- U.S. Government-sponsored enterprises such as the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association and the farm credit system will be allowed to issue specially targeted issues in registeresd form to foreign investors, similar to those planned by the Treasury.
- No U.S. Government issues will be made in bearer form – those in which ownership is not registered – but the Treasury will review this decision as it relates to Government-sponsored agencies in October 1985.
- U.S. corporations will be allowed to issue debt securities to foreign investors in bearer form. However, any U.S. citizen who subsequently purchases such an issue would be required to register it.
- The Treasury plans to "test-market" a 20-year bond with a five-year call option. This would give the Treasury the option to refinance such an issue any time after five years, should interest rates decline.
- While the Treasury has no immediate plans to issue zero coupon bonds itself, Mr Regan announced a number of changes to "increase the efficiency of the new market for zero coupon securities." Specifically, the Treasury plans to make the interest payments on certain of its securities available for separate trading on the book/entry system after inital sale.
- The targeted issues of government paper to foreign investors, which will be made in conjunction with its regular auctions, will have an annual interest payment, while those securities sold to U.S. investors will have the traditional semi-annual interest payments.

The package of Treasury proposals follows the decision last month by Congress to repeal the 30 per cent withholding tax imposed on foreign investors as part of an effort to boost the overseas sale of U.S. goverment paper.

Mr Regan said, "I think these new securities and innovations will help the Treasury considerably in fulfilling its many obligations –

Continued on Page 10

Market reaction, Pages 19, 30; Housing starts fall, Page 4

UK banks get signal to reduce interest rates

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

The Bank of England made a cautious signal yesterday that it wants banks to make further cuts in their base lending rates either today or early next week.

It lowered the dealing rates at which it lends money to the banking system by ¼ percentage point, encouraged, perhaps by Treasury figures which showed that public borrowing was significantly lower in July than had been expected.

It is now generally expected that a further ¼ percentage point cut in the Bank's dealing rates today will give the "all-clear" to major banks to lower their base rates from 11 to 10½ per cent.

However, the Bank's decision to move its rates by only ¼ point after last week's rapid fall of 1 percentage point in two days, appears to indicate that the authorities want to rein back the market's expectations.

The gilt-edged securities market was encouraged by the Bank's move and the borrowing figures, although prices had been marked down at the start of the day. A steady performance by sterling on the foreign exchange markets was generally seen as improving the chances of a cut in base rates.

The Treasury's figures showed that the public sector borrowing requirement (PSBR) fell to £570m ($741m) in July, compared with an average of £1.57bn a month in the first three months of the financial year.

The drop reflected buoyant revenues in the month and is seen as confirming the Chancellor's view that the Government is on target for a borrowing requirement of £7.2bn for the financial year

The figures show that departmental spending in the first four months of the financial year was 7½ per cent higher than in the same period last year.

However, the Treasury does not appear unduly worried by the pace of spending in the early months which it expects to slow later in the year.

Figures independent from the Bank of England confirmed that the money supply growth returned to its target range in July, with sterling M3 (cash plus bank deposits) rising at an annualised rate of 9.1 per cent in the five months from February.

Lex, Page 10

Polish pledge to repay $100m if U.S. lifts trade sanctions

BY LESLIE COLITT IN WARSAW

POLAND IS prepared to pay $100m to the U.S. in outstanding arrears on debt principle and interest due since 1981 if Washington agrees to remove all sanctions against Poland linked with trade and lifts its ban on fresh loans to Warsaw.

The U.S. Administration has said it would end economic sanctions when it is satisfied that the Polish amnesty has led to the release of all political prisoners.

Mr Zbigniew Karcz, a senior Polish finance official, who heads the Foreign Relations Department of the Finance Ministry, said the payment and the removal of sanctions could be carried out in "parallel, unlinked moves" in order to save face for both sides.

The Warsaw Government's refusal to pay Washington part of the principle due on Poland's 1981 debt and on the interest arrears due since 1981 has blocked talks in the Paris Club to reschedule Poland's official debt to the West of $12bn.

Mr Karcz repeated Poland's desire to "rejoin" the International Monetary Fund (IMF) – it was a member until 1946 – but suggested it did not expect agreement on its application until next year.

"We are of course interested in the positive intervention of the IMF as soon as possible," he remarked.

Joining the IMF would not only open a new source of credits but could also help restore the banking and business community's confidence in Poland, he said.

His Government had never refused payment to the U.S. of outstanding arrears but the official called it "absurd" that a creditor country, instead of assisting the debtor, made "many moves against its economic development."

Mr Karcz suggested a solution could be found "in the next few weeks" as the Paris Club is scheduled to meet again in early September with Bank Handlowy, Poland's foreign trade bank.

Mr Karcz said the $200m U.S. share of the 1981 $2bn rescheduling of Poland's official debt was "peanuts" compared with the $12bn owed to all Western governments.

West Germany holds some 20 per cent of the debt, France 15 per cent, Austria 10 per cent, Italy and the UK about 8 per cent each.

The "most optimistic timing" is that it will take three to four months to achieve a rescheduling agreement, but he added that "political objections" by the U.S. could halt the process.

Poland stopped payments on its official debt in the wake of U.S. sanctions and a Nato ban on loans to Poland which were imposed after martial law was proclaimed in December 1981.

Mr Karcz said Poland's repayments burden was temporarily lessened by the ban on new credits which included U.S. Department of Agriculture loans for vital fodder, and by the loss of most favoured nation trade status in the U.S.

He noted that the rescheduling conditions Poland will now present are harsher than they would have been in 1983 or last year.

"And they will be still worse next year if we don't reach agreement," he said.

Société Générale to seek private capital

By David Marsh in Paris

SOCIÉTÉ Générale, the third largest French nationalised bank, plans to put a significant proportion of its capital back into private hands through the issue of non-voting "investment certificates."

The issue, for which the bank will be seeking Government approval next month, represents the most adventurous step yet by France's largely state-owned banking sector to strengthen capital resources by calling on private sector funds.

The planned transaction would have the effect of raising the bank's present nominal equity capital of FFr 1.14bn ($129m) by up to 33 per cent or FFr 380m – the first capital rise subscribed by private investors since the Socialist Government's widespread nationalisation moves of February 1982.

The move by Société Générale follows a range of similar initiatives taken by other nationalised banks this year to launch non-voting loan stock or *titres participatifs* (TPs) as a way of raising capital resources without seeking recourse to increasingly scarce state funds. Such issues have been made by Banque Nationale de Paris, Banque Indosuez and Credit Commercial de France, among other institutions.

The project to issue investment certificates *(certificats d'investissements* or CIs), however, takes the measures to introduce private capital into the banks a step further. CIs are viewed as being closer to equity funding than TPs as they actually bring about an increase in the bank's capital, and carry a dividend closely linked to the financial performance of the bank.

An official at Société Générale, which like the other Big Three Banks was nationalised in 1945, said the CIs would offer all the advantages of shares apart from the right to vote, which will thus be maintained 100 per cent in state hands.

Dividend payments on CIs would be at a privileged rate compared with those on shares owned by the state. All the big French banks in recent years have made only modest payments to their state shareholder to compensate for the lack of government capital injections.

The bank has not yet decided either on the timing or the amount of a future CI issue. The launch would raise considerably more than the nominal value of the issue, as the certificates would be sold at a considerable premium over the nominal price of FFr 100 each.

ICL accepts £411m offer from STC

BY ALEXANDER NICOLL IN LONDON

ICL, Britain's largest computer manufacturer, ended a week's hard bargaining yesterday by agreeing to a £411m ($542m) takeover bid from Standard Telephones and Cables, the UK telecommunications and electronics group.

STC last month launched a "dawn raid" which netted 9.8 per cent of the computer group, followed immediately by a £356m bid which ICL swiftly rejected as "totally inadequate."

ICL, however, has never publicly questioned STC's argument that the technologies of the communications and computer industries are converging.

Negotiations on an increase in STC's bid began last week and culminated on Wednesday with an all-night session from which a higher offer emerged yesterday with the recommendation of ICL's board, which is chaired by Sir Michael Edwardes.

Terms of the offer are one new STC share for three ICL – against two-for-seven previously – with a cash alternative of 90p applying to only half ICL's shares instead of the previous offer of 77p for all of them.

STC shares fell 8p to 274p yesterday, valuing the share offer at 91p for each ICL share. The computer group's shares were unchanged at 87p.

Sir Kenneth Corfield, STC chairman, is expected to invite Mr Robb Wilmot, ICL managing director, to be an STC director. Mr Wilmot has led a turnround in the computer group's fortunes since it was rescued by the UK Government in 1981.

Sir Michael, the former BL chairman who only recently assumed the chair at ICL, is not expected to play a role in the combined group

Provided no other bidder emerges – and none is expected – ICL will become an operating division of STC, whose annual turnover will double to about £2bn. Mr Ted Newman, STC treasurer said yesterday that STC planned to boost ICL's turnover especially through sales of smaller computers

ICL, Britain's only maker of large "mainframe" computers, has a technology agreement with Fujitsu of Japan which is seen as crucial to its continued production of such models. Fujitsu has described the merger plans as "constructive," Mr Newman said.

STC is 35 per cent owned by ITT of the U.S., formerly its sole owner, and the merger plans have aroused fears in the British Labour Party that ICL technology would flow out of the UK.

STC has sought to counter this with an assurance that ITT and ICL will not have access to each other's technology.

Lex, Page 10

Bull takes European lead from Olivetti

BY GUY DE JONQUIERES IN LONDON

BULL OF FRANCE has become the largest European-owned computer manufacturer, displacing Olivetti of Italy, according to a survey conducted by Logica, the British computer services firm.

The survey, published in the U.S. magazine Datamation, also finds that IBM of the U.S. has further increased its lead over its main competitors in Europe.

Measured in dollars, IBM's European data processing revenues of $10.7bn last year represented 42 per cent of the $25.6bn total sales reported by the 25 largest computer companies operating in Europe. IBM's share was 40 per cent in 1982 and 38 per cent in 1981.

A series of takeovers of smaller companies, part of the French government-inspired reorganisation of its electronics industry, contributed to Bull's rise to second position from fourth in 1982.

Bull's turnover last year rose 33 per cent, measured in French francs, and 14 per cent in dollars. However, it is still making losses and has received large capital injections from the French Government.

Olivetti's fall to fourth place from second last year is partly due to the exclusion this year of electronic typewriters from the business activities covered by the Datamation survey. Olivetti's annual typewriter sales are almost $200m.

The survey includes companies' revenues from data communications equipment, computer peripherals, terminals, software, services, maintenance and repair. It

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Amdahl cuts workforce, Page 11

CONTENTS

EUROPEAN NEWS

Annual inflation rate falls in France despite July surge

BY DAVID MARSH IN PARIS

FRANCE'S annual rate of retail price inflation fell to 7.5 per cent in July from 7.7 per cent in June in spite of a spurt in price increases last month, according to provisional figures.

Prices last month rose by 0.7 per cent after 0.5 per cent in June, but the rate was below the monthly increase of 0.9 per cent last July, and represented the lowest July rise since 1975, excluding periods of price freeze.

Accelerating prices last month were due above all to the big jump in petrol prices introduced in mid-July to increase tax revenue. Higher rents as well as the general boost to prices during the French holiday season were other factors behind the spurt, which was more pronounced than many had expected.

August prices will also be boosted by another round of petrol increases as well as dearer tariffs for telephone calls and public transport brought in at the beginning of the month.

The Government has postponed until next year its hope of 5 per cent inflation. It is sticking instead to the latest forecasts by the official statistics institute, Insee, of a 6.7 per cent rate this year.

French inflation is now at the lowest for 11 years but the rate of price increases is still around double the annual increase in West Germany, which the foreign exchange markets believe will soon start to put pressure again on the franc against the D-Mark.

Communists keep up fire on government policy

BY OUR PARIS STAFF

THE FRENCH Government's new-found tough line of condoning job cuts in state-owned industries has met a frosty response from the Communist party, which quit the coalition in last month's cabinet changes.

All this week, the party's newspaper, L'Humanité, has been snipping at economic policy.

Yesterday it was the turn of Saint Gobain, the engineering and glass-making conglomerate nationalised in 1982, to come under L'Humanité's fire. The company, which has just announced 2,000 job cuts at its Isover insulation material subsidiary, was accused of following its pre-nationalisation policy of "exporting capital" and neglecting the interests of France.

Ealier this week, L'Humanite took exception to government cuts in interest rates on savings deposits which it headlined as "nibbling away" at the incomes of small savers. "Privileged people," the newspaper claimed, were still benefiting from "sumptuous" yields on the capital market.

It has also joined in criticism by the Communist-led CGT trade union, of the government project to salvage the activities of the bankrupt engineering group, Creusot Loire. Large redundancies are bound to be involved. It termed as "dangerous" the choice of the private sector engineering concern, Five Cail Babcock, as head of the group being primed to take over Creusot Loire's main assets.

Five Cail's parent company, the Five-Lille holding group, hardly merited "spontaneous confidence," the newspaper said on Tuesday. Its sole concern seemed to be to "make money" to the detriment of France's "industrial coherence and national independence."

Foreign investment soars in Turkey, says Ozal

BY DAVID BARCHARD IN ANKARA

FOREIGN COMPANIES have approved investment in Turkey totalling $336m (£269m) in the second quarter of this year, according to Mr Turgut Ozal, the Prime Minister.

"This compares with about $1bn the past 30 years," he said, "and is a sign of how much confidence in Turkey has increased."

He did not break down the figure, but more than $200m of it is believed to represent a single investment from an Arab group interested in developing tourist facilities at Candarli on the Aegean coast.

Mr Ozal added that Turkey's exports were among the fastest growing in the world and might reach $7.5bn by the end of the year, compared to a target of 6.8bn. Gross national product was expected to rise by 5.7 per cent this year.

Referring obliquely to criticism of Turkey's human rights record, he said: "There are some laws and restrictions . . . our aim is to put the democratic system in Turkey on a sound footing." He painted out that martial law had been lifted in 26 of the 67 provinces.

Lufthansa strike threat rises

By Jonathan Carr in Bonn

A STRIKE at the West German airline, Lufthansa, moved a step closer yesterday when pilots and cabin staff rejected a compromise proposal on pay and conditions made by an official mediator.

The white-collar workers' trade union, the DAG, said 78.9 per cent of its nearly 3,000 members at Lufthansa had opposed the deal, put forward last month by Herr Karl Schiller, the former Economics Minister.

The DAG *called on the airline to return to the negotiating table by August 24*; otherwise it could not rule out a strike. The union did not specify, however, when a stoppage might begin.

Despite the warning by the DAG, Lufthansa said it saw no *cause for more negotiations*, not least because the other main trade union at the airline, the public service workers' OETV, has already accepted the compromise.

Under Herr Schiller's proposals, Lufthansa employees would receive a salary increase of 3.3 per cent, backdated to July 1, and another of 2 per cent running from next April to March, 1986. The DAG wanted an accord backdated to February and better prospects of a cut in working time.

Lufthansa's particular problem is that if it goes into new talks with the DAG, the accord with the OETV might well unravel.

A strike now would be a serious blow for the airline which only last month said it expected another very good year, after boosting net profit to DM 63m (£16.5m) in 1983 and increasing its dividend from 5 to 7 per cent.

Belgium's trade gap wider than supposed

BRUSSELS — A "misunderstanding" in reporting customs procedures involving BFr 51bn (£662m) has added almost a third to Belgium's 1983 trade deficit, the national statistics institute (NIS) reported yesterday.

In June, it had reported a trade deficit of BFr 115.3bn (£1.49bn), a significant improvement on the BFr 268.5bn deficit in 1982.

"Because of a misunderstanding, certain custom documents for crude oil imports from May until December, 1983, were not reported to the NIS," it said yesterday.

The misunderstanding arose when custom procedures were reorganised to conform to European Community rules in May, 1983, Mr Urbain Ringoot, the NIS director, said. Oil companies were confused by the new rules and did not provide the required import information.

AP

Ivo Dawnay concludes his review of Spanish accession with the focus on fishing

Spain's fleet sails into stormy seas

The EEC expands

PROMINENT AMONG the prayers offered last month on St James's Day at Santiago de Compostella was a special plea to Spain's warrior patron saint to help in the country's accession negotiations with the EEC.

Outside the church, in the *winding streets of the Galician* capital, more sceptical demonstrators called for greater local autonomy and a firm rejection of the Community's member-ship terms.

The anxiety in the province is more than justified. For while its heavily protected farming community now faces an invasion of highly-competitive EEC dairy and meat products in its vital Barcelona and Madrid markets, an equally devastating blow may fall on its other important industry—fisheries.

Fish, even in landlocked *Madrid, has long been a staple* food in Spain. The 40 kg eaten by each citizen yearly compares with the EEC's 15 kg average.

That, at least in part, explains why the country struggles to sustain both a 17,000-strong fishing fleet, equivalent to almost 70 per cent of the total EEC tonnage, alongside a fish trading deficit with the Community estimated by some at more than 34,000 tonnes a year.

How long, or rather to what extent, the infamous "Spanish armada" and its dependents (estimated at more than 1.3m people) survives depends on crucial talks set to resume in Brussels next month.

The problem stems from the end of 1976 when Spain's then booming fishing industry was dealt a body blow by the international introduction of 200-mile national coastal limits.

In La Coruna, the main Galician port, a fleet of 110 ships was rapidly reduced to 60. The city's fishing infrastructure—chandlers, fish processors and transporting companies—which had grown to 160 companies over the previous decade, was halved.

Worse still, the oil crises increased fuel costs from 12 to 18 per cent of the value of catches to 25-32 per cent.

Spain laid the blame firmly on the "no-go" areas created by the EEC's common fisheries policy (CFP), most critically in the Irish "box"—a vast stretch of sea incorporating the fertile waters lying around Ireland's west coast.

In the Atlantic hake fishery alone—Spain's most popular and commercial species—catches have plummeted from 50,000 tonnes a year to 8,000 tonnes.

The current negotiations now hinge on how Spain can reach a mutually satisfactory deal with the EEC on three key sectors: licensed coastal fishing; the long distance fleet, fishing under bilateral agreements, from the Falkland Islands to the Indian Ocean; and trawlers. This last, while amounting to no more than 350 vessels, is viewed as the greatest threat by the Community's fishermen.

European Commission officials believe that, with some difficulty, the first two sectors can be resolved.

Current licensing agreements allowing Spain's coastal fishermen into areas traditionally the provinces of the French, such as the Bay of Biscay, can be continued.

The EEC will also take over the management of Spain's 18 bilateral agreements with third countries, though there will be stringent controls on the terms of the deals, in order to outlaw preferential access to markets and other alleged practices, such as the mid-ocean transfer of foreign catches to Spanish boats.

The fundamental clash centres on the access of Spain's trawler fleet to Community waters. The Commission argues vigorously that Spanish fishermen must accept the CFP as a *fait accompli*. Spain, on the other hand, insists that the historical and zonal traditions of Spanish fishing prior to 1976 must be acknowledged by the Community.

"We are prepared to join the club and abide by its rules," says Sr Joaquin Fernandez Lopez, executive vice president of the Spanish fishermen's federation, "but we must be allowed in on the same terms as everyone else."

That misses the point, argues the Commission. The Irish box is now allocated largely to its traditional exploiters—the UK and Ireland. At best, Spain can only hope for limited licensed access for catching specific species.

Having first angrily rejected the Community's proposals as "totally unacceptable," Spain's negotiators now seem ready to discuss the level of licensing to be made available. Not least, because the system would be applied to all other EEC member states.

Nevertheless, even if this sector is resolved, several peripheral issues threaten to undermine an accord. These include:

● The need for a bilateral agreement with Portugal before the 1986 target accession date on mutual access to each others' waters.

● Acceptance of a compromise on intervention payments for sardines, allowing a temporary differential between prices for Spain's 100,000-tonne catch and the higher prices paid at intervention for Mediterranean sardines caught by France, Italy and Greece.

● The sharing of costs for restructuring the Spanish fleet. Spain has spent around Pta 9bn (£41m) to reorientate fishing efforts away from European waters but the Community reckons that many out-of-service ships are being kept on the register awaiting EEC funds before they are scrapped.

● Resolution of the status of the Canaries, which alone catch 200,000 tonnes of sardines. In any final agreement, the EEC wants to limit the amount of support available to the Canaries' fleet.

Despite its relative powerlessness in the talks, the government of Sr Felipe Gonzales is under substantial pressure from its largely Socialist-voting Galician constituency to wrestle as good a deal as it can from the EEC.

Spanish fishermen have already given notice that, if they do not like the outcome, militant action on Spain's borders may be the result.

As one fishermen's leader put it: "We may be sold down the river by a deal that helps Spain on oranges and tomatoes."

State sector hungry for new cash

SPAIN'S deficit-ridden public sector has taken the lion's share of new finance being channelled into the economy, according to a study by the CEOE employers' federation, writes David White.

The figures, based on Bank [illegible] starkly the impact of rising state sector needs and the weak demand for credits by private companies.

According to the CEOE, new finance for the private sector from all sources between mid-1983 and mid-1984 was more than 40 per cent down on the previous 12 months. This fall, to Pta 1,470bn (£6.8bn) from Pta 2,470bn (£11.5bn), was accompanied by a rise of more than 100 per cent to over Pta 2,000bn in new finance to the public sector.

The public sector thus absorbed 58 per cent, compared to only 25 per cent in the year to June 1983. In the first half of this year, says the CEOE, the imbalance was even more acute. The state sector took 82 per cent.

In order to revive credit demand—and thereby investment and job prospects in private enterprises — the Socialist Government recently brought pressure on banks to reduce interest rates. The resultant small drop in the main banks' preferential rates was greeted with reservation by employers, however.

The change has had limited impact, they said, and, in present circumstances, stimulation of credit demand by lower interest rates would jeopardise the Government's record in controlling inflation and improving the external accounts.

Netherlands MPs cast off their kid gloves

BY WALTER ELLIS IN AMSTERDAM

DUTCH MEMBERS of Parliament are sometimes said to lack cutting edge: they read out prepared speeches and seek to score narrow debating points.

In recent months, however, many MPs, particularly those on the government side, have forsworn the foil for the sabre and have made life extremely uncomfortable for Mr Ruud Lubbers and his Christian Democrat-Liberal coalition government. The Second Chamber has, in fact, reasserted itself as the focus of democracy.

Normally Dutch parliamentarians do not go in for the aggressive style of, say, British MPs. The change has been wrought by the Cruise missile issue, which nearly brought down the government in June, the explosive growth of unemployment, and economic austerity. Dutch MPs are now on the attack and the cabinet cannot even count on the support of its own side.

Mr Bert de Vries, *parliamentary floor leader of the Christian* Democrats, has become something of a maverick, issuing statements on government policy which sound as though they have been drafted by the opposition.

Mr Ed Nijpels, the Liberal floor leader, has been equally unslavish in his attitude and has several times appeared bent on pulling the rug from under the Prime Minister.

In a parliamentary *commission of inquiry, MPs of all* parties have ruthlessly grilled company executives, civil servants and politicians alike over the alleged mishandling of state funds by the now defunct RSV shipbuilding group, unveiling layer after layer of ineptitude. The opposition Labour Party, which played its role in the RSV drama, was not spared either.

The only winner has been Parliament itself. Both chambers have basked in public esteem after months of detailed probing into the murky waters of *RSV. More than Fl 2.5bn* (£584m) was pumped into the company between 1977 and 1982. The public discovered that its contributions largely disappeared into a financial "black hole."

The executive and the legislature are separate in the Dutch system, so that cabinet ministers cannot be members of Parliament or vote there. Most of the present ministers were elected as MPs but, on taking office, *had to relinquish their parliamentary* seats to colleagues further down the party lists.

Mr Lubbers and his fellow ministers make statements to the House and must defend their policies there, but decision-making has been in practice an extra-parliamentary affair.

The key Second Chamber, elected by universal suffrage on a proportional representation basis, has 150 members. The First Chamber, of 75 members, is elected by the 11 provincial assemblies and plays a largely symbolic role.

The separation of powers does not mean that Parliament is impotent. But MPs have the will to assert themselves, and in recent times no issue has concentrated their minds so much as that of the deployment of cruise missiles in the Netherlands under the Nato plan.

Mr Lubbers survived the parliamentary attack on this issue only by nimble footwork. He persuaded his coalition cabinet to put off until November 1985, the ultimate decision on accepting the U.S. missiles.

Parliament is now in recess. When MPs return to the medieval Binnenhof complex in The Hague next month, they will be anxious to keep up the momentum. The proceedings of the Second Chamber are now widely televised: during recent debates reputations have been made and limitations cruelly exposed.

In the circumstances Mr Lubbers and his coalition will *do well to get through to 1986.*

Irish petrol price set to rise by BP

By Brendan Keenan in Dublin

PETROL in Ireland is set to rise by 3p per gallon, bringing the price of premium grade per gallon to I£2.90 ($3.12).

Petrol has risen by 17p per gallon in the past year and the main culprit is the U.S. dollar's rise against the punt.

The two currencies almost reached parity last month and, with oil priced in dollars, the motorist has been taking the strain.

Hoteliers, airline operators and the Tourist Board, however, are expecting a record year as Dublin and the western seaboard swarms with holidaymakers from the U.S.

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UK NEWS

Petrofina refining business in Britain losing £3m a month

BY IAN HARGREAVES

PETROFINA UK, a subsidiary of the Belgian oil company, is losing £3m a month on its UK refining and marketing business and is pressing for Government action to reduce the disparity between crude oil prices in the North Sea and prices of oil products in the UK market.

Mr Pierre Jungels, managing director of Petrofina UK, said in an interview that his company, a net buyer of North Sea crude in spite of its production interest in the Maureen Field, was projecting a £12m loss for the first eight months of the year.

"I am unhappy about continuing to lift the full volume of my contracts with BNOC (British National Oil Corporation, which sets official North Sea crude prices) while this situation persists," he said.

Petrofina's losses arise from the difference between the price realisable in the marketplace for the mix of oil products produced at the company's refinery at Killingholme, Humberside, and the cost of the refinery's *feedstock, which is mainly* North Sea crude.

According to Mr Jungels the return to Petrofina from selling its products was at present $25.9 a barrel, compared with a crude cost of $27.3 per barrel.

Part of the difficulty stems from exchange rate movements, which have kept crude costs high, even though dollar spot prices for crude have been weak. Mr Jungels argues, however, that the core of the problem is not either this or the refusal of BNOC to cut its official prices for North Sea crudes to bring them more into line with dollar spot values, but the behaviour of the oil majors in the UK product markets.

According to figures collected by Petrofina, a number of leading oil companies have bid successfully for large heating oil contracts in recent months at prices which are well below the going spot price for heating oil (or gasoil).

According to Mr Jungels, their technique has been to win contracts with customers like the Department of Environment by bidding at up to £28 a tonne below the going spot rate for gasoil quoted in the authoritative Platt Oilgramme, then to raise prices soon after winning the contract.

Mr Jungels argues that because information on these deals is secret, smaller buyers of oil products are *penalised. "There should be trans*parency of pricing. Everything should be published on a daily basis," he says.

He admits that his campaign for pricing transparency has not been met with much enthusiasm in Whitehall, where it is believed that the present arrangements encourage competition.

Unit trusts investment down

NET new investment in unit trusts fell to £18.5m in July, the lowest figure since December, 1980, writes Clive Wolman. In the first six months of 1984, the monthly figure for net new investment fluctuated between £102m and £210m.

The largest outflow of funds appears to have been from unit trusts specialising in Japan.

Japanese trusts had an unprecedentedly high inflow of funds in the winter months as the stock market rose strongly to a peak in early May. Since then, however, it has fallen sharply.

Job loss warning to striking miners

By Our Industrial Staff

LARGE-SCALE job losses were likely in the coal mining industry because underground conditions at many pits had deteriorated during the 23-week-old miners' strike, the National Coal Board (NCB) said last night.

Its statement came as a gradual return to work continued and the High Court forcibly took £50,000 from the National Union of Mineworkers' (NUM) funds to meet a fine for contempt.

Mr Jimmy Cowan, the NCB's deputy director, said: "Unless there is an early resumption of work, the number of job losses and the reduction in the mining industry's capacity caused by deterioration of coalfaces and underground roadways will exceed the proposals put forward in March by the NCB."

Those proposals, calling for a cut in capacity of 4m tonnes a year, implying a loss of 20,000 jobs, led directly to the strikes.

Mr Cowan said that the NCB had lost three coalfaces in the last week and a further 17 were causing serious concern.

In the High Court in London, Mr Justice Hutchinson ordered that a £50,000 unpaid fine levied against the South Wales area NUM for disobeying a court injunction against interfering with coke lorries at Port Talbot steelworks, should be taken from the £707,000 area funds seized by the sequestrators.

Steel unions at Hunterston, on the west coast of Scotland, have offered to unload a ship laden with coal urgently needed to keep the Ravenscraig steel works in operation. Dockers, who are refusing to shift coal in support of the miners, have threatened a national strike if this is done.

David Walker picks some headlines that stopped him in his tracks

This isn't as easy as it looks

FEW REPORTERS have not received the following phone call at one time or another. "The article was not too bad, but why did you put that ludicrous headline on it?"

The irate caller is never easy to pacify, which is why the time has come to reveal one of journalism's *trade secrets: reporters do not write* headlines.

They are the work of a special breed – the sub-editors. Irascible men and women, they work peculiar hours, drink in peculiar pubs, and are well used to, and occasionally even patient with, the many an*noying foibles displayed by writing* journalists.

Four hundred words of verbiage are reduced by them to a telling sentence at a stroke, split infinitives are spotted from several hundred yards, and extraneous information is removed painlessly – well, *almost always – if not effort*lessly from the reporters' submissions.

Thus, it was thanks to the sub-editors that FT readers were never told that the recent dock strike's effects on Northern Ireland were pretty serious because "it is separated by water from the rest of the UK."

People of perfection, you might think, and you would be right. But, they do write the headlines. And even a sub-editor may have an off day.

The perfect headline neatly encapsulates all the points of the story underneath. At the same time, it is snappy and so worded as to force you to read on.

It does not, of course, exist.

There are headlines which have long since become part of popular *folklore – "Small earthquake in* Chile: not many dead:" "Fog in Channel, Continent cut off," for example.

There are those which are claimed to have been seen by a friend of a friend, but for whom no eyewitness can be found *to prove their authenticity* "Phew! what a scorcher" quite clearly falls into this category (though hard evidence for its existence would be welcomed at this office).

And there are those which have simply become infamous: the Sun's "Gotcha!" over the sinking of the *Belgrano during the Falklands War.*

But all these are too well known to come into my personal top ten bad headlines.

I prefer headlines which make you think, though not necessarily what the headline writer intended you too. The article headed "Assessing deceased's living expenses" could never live up to the images created by the words above it.

Then there is the gloriously mixed metaphor of "King Hassan walks Moroccan tightrope without right-hand man."

WORST NEWSPAPER HEADLINES

Assessing deceased's living expenses
King Hassan walks Moroccan tightrope without right-hand man
Chinese handshake has its pitfalls
The future has not yet happened
U.S. stocks may be headed up or down or maybe just sideways
Incest more common than thought in U.S.
Virgin takes 1,000 bookings a day
Man who popularised steel hatch cover dies
Edible oil wrangle sparks memories of Peninsular Wars
British technology to the fore in Japanese drains

One is left spellbound at the news that the "Chinese handshake has its pitfalls" or the revelation that "The future has not yet happened."

And what is the potential inves*tor to make of the judgment that* "U.S. stocks may be headed up or down or maybe just sideways."

It is difficult to see quite what thought the writer of that was trying to convey, but maybe it just reflected the findings of a study reported by an American newspaper as showing "Incest more common than thought in U.S."

Sexual innuendo is the headline writer's nightmare; it not infrequently gets through and by and large is unrepeatable in a respectable publication. I was sorry to see the recent piece of news, "Virgin takes 1,000 bookings a day," which obviously shows a unhealthy disrespect for older moral values.

Full-flown hyperbole seldom *makes the larger typefaces* of the more serious newspapers, but they see their share of exaggeration.

"Man who popularised steel hatch cover dies" obviously dealt with a sad item of news – and, of course, we have all got a steel hatch cover, so popular are they.

Even more far flown was the recent claim, "Edible oil wrangle sparks memories of Peninsular Wars." Well yes, obviously, we all think of that dramatic conflict when pouring the Mazzola into the frying pan.

Meanwhile, back in the real world, the whole British predicament was, perhaps, summed up in the words "British technology to the fore in Japanese drains."

I move a vote of thanks to the sub-editors.

Footnote: At the risk of having my sub-editing colleagues never speak to me again, it must be admitted that most of the above examples were perpetrated in the Financial Times – and indeed that it was various sub-editors who first discovered them lurking within its pink pages. There are no prizes for guessing which were ours, and which the opposition's.

Tomorrow: Top ten airlines

Whitehall expected to drop export insurance agency reform

BY CHRISTIAN TYLER, TRADE EDITOR

A PROPOSAL that Britain's export insurance agency should be hived *off from the civil service and turned* into a publicly-owned corporation appears to be foundering.

A feasibility study by civil servants, just completed, is believed to conclude that there would be little gained by root-and-branch reform of the Export Credits Guarantee *Department (ECGD), which last* week declared its first trading loss.

The study, by four working parties involving the ECGD itself, the Treasury, the Foreign Office and others, has been sent to Mr Paul Channon, Trade Minister but not yet to the rest of the ministers concerned. *A Government decision on* ECGD's status is expected when Parliament reassembles in October.

Government departments refused to comment yesterday, but the view in Whitehall appeared to be that the weight of the evidence was *now against even the most limited* "privatisation." It was suggested too that Mr Norman Tebbit, Trade and Industry Secretary, was unlikely to favour a half-measure devolution.

Treasury officials are known to have disliked from the first the central recommendation of the Government-appointed committee of inquiry that reported in March. They are unhappy about the Treasury losing its day-to-day influence over the ECGD

India political sacking creates crisis

BY K. K. SHARMA IN NEW DELHI

THE South Indian state of Andhra Pradesh was rocked by crisis yesterday when its Chief Minister, Mr T Rama Rao, the former film star, was dismissed and subsequently briefly arrested and his rebellious Finance Minister, Mr Bhaskara Rao, sworn into replace him.

Mr Rama Rao immediately called a statewide general strike yesterday in protest at the "unconstitutional and undemocratic action" of the Governor, Mr Ram Lala, who is a close follower of Prime Minister Indira Gandhi.

The dismissal followed the defection of the Finance Minister from Mr Rama Rao's Telegu Rasam party with about 60 others. They were promptly supported by Mrs Gandhi's Congress-I, which forms the opposition in the state and the former Finance Minister was declared to have majority support.

Mr Rama Rao, determined to show that he had been illegally dismissed, marched with 168 of his supporters in the 295-member state legislature to the Governor's house to demonstrate he still had a majority. He was promptly arrested with about 100 of his followers, but was released later in the day.

The pattern of events in Andhra is strikingly similar to that in the Northern state of Kashmir last month when Mr Farooq Abdullah was dismissed as the Chief Minister after 13 members of his national conference party defected. Supported by Congress-I members, they now form the Government.

This has led to a widespread belief that Mrs Gandhi is trying to topple as many non-Congress-I state governments as she can before the general elections due next January. The next target is thought to be the Janata party-led Government of Mr Ramakrishna Hedge in the Southern state of Karnataka.

The defeats of Congress-I by Mr Rama and Mr Hedge in elections 18 months ago caused a serious political reverse for Mrs Gandhi in two of her traditional areas of support.

Mrs Indira Gandhi

Flower of Friendship wins seat in Macao

BY DAVID DODWELL IN MACAO

THE FLOWER of Friendship and Development—not a real flower but a newly formed political group—was the talking point in Macao last night as voters and political pundits tried to interpret the outcome of the Portuguese-administered territory's first genuinely democratic elections.

This picturesquely named group, called Fadem for short, emerged from nowhere to snatch one of the six seats being contested by direct election in *the territory's 17-strong* Assembly.

The only claim to fame of the group's leader, Mr Alexander Ho, is that he heads Macao's new tourism and hotel training school. Little is known of his group, except that it is made up of young professional Chinese.

A number of political reforms in this tiny enclave on China's southern coast just 40 miles west of Hong Kong have attracted international interest.

The introduction of an element of direct election is a *development which has not* gone unnoticed in Hong Kong, where Government proposals for reform are being hotly contested by pressure-group leaders because they pointedly stop short of direct elections on the grounds that these might be de-stabilising.

The broadening of Macao's electoral register from an insignificant 4,000 of the territory's estimated 400,000 population to an electoral roll which yesterday carried over 51,000 names was seen as a significant *event locally.*

The veteran politician, Dr Carlos Assumpcao, who was president of the old Assembly and constantly at odds with the Governor, Read-Adml Almeida e Costa, returns with four of the directly-elected seats being won by members of his political group.

He is expected to have the backing of at least five of the Deputies in the Assembly who have won seats through indirect election. The Assembly reconvenes in October.

Suharto reaffirms army's role

By Kieran Cooke in Jakarta

PRESIDENT Suharto of Indonesia yesterday defended his policies on development, reaffirmed the military's key role in society, and called for more participation in the economy by the private sector, during his annual State of the Nation address to mark Indonesia's 39th independence day.

The President said that despite declining revenues from oil exports, which account for more than 60 per cent of Indonesia's export earnings, there had been some remarkable achievements.

Indonesia was now nearly self-sufficient in rice production, when only six years ago it was the world's biggest rice importer.

Education was now available to all and Indonesia had moved from a low per capita income *to one of $580 (£446) a year.*

His Government would make constant efforts to stimulate both domestic and private investment. This is seen as a reflection of anxiety about a big drop off in investment so far this year.

In the first six months of 1984, only $920m was invested, compared with $3.8bn in the same period last year.

But President Suharto said he was determined to carry on with ambitious development programmes.

ROW OVER ISRAELIS ON UK VESSEL

Cypriot ship damaged by Gulf of Suez mine

BY TONY WALKER IN CAIRO

A CYPRIOT ship is the latest casualty of mines laid in the Gulf of Suez and Red Sea that have hit up to 20 ships since July 9.

The vessel, was damaged on Wednesday night, according to Llloyd's Shipping Intelligence.

This latest incident in the southern approaches to the Suez Canal comes as an international naval task force begins scourin the Gulf of Suez and the Red Sea for mines.

British officials in Cairo were deeply embarrassed yesterday when the presence on board one of the Royal Navy-Hunters now in the Gulf of Suez of two Israelis employed by the American CBS television and radio network, was discovered.

CBS *had assigned the Israelis* to accompany the British task force from Cyprus through the Suez Canal as part of a three-man television crew.

They were held on board one of the mine-hunters at Adabiya naval base until late on Wednesday while special clearance for them to land was secured from Cairo. They were told to leave Egypt by today.

Our Foreign Staff adds: The passports of the two Israeli CBS men were not checked when they boarded the minesweeper off Cyprus, according to a Ministry of Defence spokesman in London. They had been allowed to embark in "good faith."

It was pointed out in Whitehall that Egypt and Israel have been technically in a state of peace for over a year and the *incident could be regarded as* a sad comment on the "normalisation" of relations which the 1979 peace treaty was supposed to bring about. Yesterday afternoon, no formal protest had been received by the Foreign Office from the Egyptian Government.

Egypt has blamed Iran and Libya for laying the mines but both countries deny this. Yesterday Iran's Mojahedin resistance movement claimed that Iran's defence authorities have been giving priority since the beginning of this year to a project code-named "Oyster," aimed at giving the country the capability to produce mines.

So far, however, the Organisation of Military Industries has yet to produce a final version of the mine sought, says the Paris bureau of the Mojahedin which claims its information has been received from within the Iranian Armed Forces.

Pragmatism carries the day in Zimbabwe

By Our Harare Correspondent

THE MASHONALAND Turf Club, redoubt of Harare's white establishment, will be back in business tomorrow on the city's Borrowdale racecourse, venue for last weekend's congress of the ruling Zimbabwe African National Union (Zanu).

Among the punters will be some of the congress delegates, who enthusiastically adopted a new Zanu constitution endorsing a one-party state, espousing Marxist Leninism, adopting a tough leadership code of conduct to control corruption and calling for higher minimum wages.

For the most part pragmatism carried the day. Many of the resolutions are statements of principle rather than blueprints for immediate action. The call for a one-party state, for example, made implicit acknowledgement of multi-party provisions in the Lancaster House constitution which hold good at least until 1987.

More significant has been the way in which Mr Robert Mugabe, the Prime Minister, took the opportunity to consolidate his hold on the party and demote or keep at bay potential challengers.

The congress left the hierarchy of the party clearly established. Reigning supreme is the newly-created 15-poor politburo, advised by a central committee enlarged from 26 to 90 members.

It is in the composition of the politburo, handpicked by Mr Mugabe, that his power now lies. No less than seven of the 14 members (Mr Simon Muzenda, Deputy Prime Minister holds two posts) are Zezuru, from the Prime Minister's own tribe. But he also ensured a regional balance.

The Karaganga, numerically larger, although also part of the country's majority, hold four. The Manyika (also Shona) won two portfolios while the Ndebele (which largely supports the opposition leader, Mr Joshua Nkomo) was awarded one seat, to be held by Mr Enos Nkola, already in the Cabinet.

Yet in the allocation of portfolios, it seems that Mr Mugabe has been careful not to overplay his hand and raise fears about Zezuru hegemony. Thus Mr Emmerson Munangagwa, a Karanga who is Minister of State for Security, holds the key defence office.

It is also a careful mixture of young and old. It includes Mr Muzenda himself, 62, a veteran nationalist who like Mr Mugabe was part of the breakaway group who left Mr Nkomo's Zimbabwe African Peoples Union (Zapu) in the 1960s, and younger, militant radicals. Among them are Dr Herbert Ushewokunze, 44, Minister of Transport in the cabinet, and Air Vice Marshal Josiah Tungamirai, 36, deputy commander of the Zimbabwe Air Force.

Most obviously snubbed for a politburo post was Dr Eddison Zvobgo, the Harvard University-educated Minister of Justice who has been seen as a potential challenger to Mr Mugabe.

Mr Mugabe also exercised his patronage to bring Dr Bernard Chidzero, the Minister of Finance, on to the central committee. But much to the dismay of the white community, Mr Edgar Tekere, acquitted on a technicality of murdering a white farmer in 1980, has continued what seems a climb back to power with a place on the central committee.

The party has nevertheless emerged from the congress better organised and disciplined.

There is little doubt that at the elections due within the next few months Zanu will add to the 57 of the 80 black seats it already holds and confirm the *de facto*, if not *de jure*, one-party characteristics of Zimbabwe today.

The machinations of the Zanu congress have been watched with part indifference, part resignation, by a white community which has dwindled from a mid 1970s peak of 270,000 to barely 100,000. Not surprisingly, many of the resolutions reinforced their belief that Zimbabwe was moving along a socialist path.

But one which won wider support was an appeal for higher *agricultural producer prices and* consistent policies, heartily endorsed by the still powerful, 4,500 strong predominantly white Commercial Farmers Union. "It sounded as if it had been lifted straight out of our producer price negotiations with the Government," said one approving farmer.

But from white business circles the reaction is generally gloomy. Why, asked Mr Zdenek Silavecky, group economist for the Standard and Chartered Merchant Bank in Harare, does the party seek to increase the Government's control over the economy when what is most needed is flexibility?

Mr Ian Smith, leader of the Conservative Alliance (as the Rhodesian Front has been renamed) which has seven of the 20 reserved white parliamentary seats, pulled no punches. The method of election of the politburo with Mr Mugabe at its head confirmed that Zanu was "a typical communist party," he said. "Only the top boys may the decisions, and everybody else better step into line, buddy."

S. Africa student shot dead

By Jim Jones in Johannesburg

THE SPREADING boycott of schools involving some 19,000 black South African pupils has claimed its second victim.

Matikweni Nkuna, a student at the Mabopane East technical college near Pretoria, died after being shot with a plastic bullet during a protest.

Police fired plastic bullets and used tear gas and sjamboks to *break up the protest meeting* after more than 1,000 students had ignored instructions to return to their classes.

The technical college principal claimed the protesting pupils were "intimidating others" and that the police had been called in to protect those students who wished to attend classes.

Across the country, an estimated 19,000 students and school-children are not being taught at present, either because they are boycotting classes or because the authorities have closed schools.

In general, the protests have common causes: demands for the abolition of age limits on pupils attending secondary schools, demands for an end to excessive corporal punishment, and demands for recognition by school authorities of student representative councils.

Underlying all this is increasing dissatisfaction with the fact that black educational facilities and standards are inferior to those of the white.

In May this year, schools in Atteridgeville, outside Pretoria, were closed until the end of the year, following class boycotts.

In Alexandra Township on Johannesburg's northern border, classes were suspended last week after 1,000 pupils set fire to part of the Minerva High School and rioting spread into the streets.

This week, 2,000 students at the University of Zululand were *sent* home after refusing to attend lectures. Sporadic boycott of lectures continued at the Universities of Fort Hare and Western Cape.

Blast hits police station near Johannesburg

JOHANNESBURG — An explosion, believed to have been caused by a bomb, ripped through police offices near Johannesburg yesterday, a police spokesman said.

Fire was still raging through the building in Roodepoort, 12 miles west of Johannesburg an hour after the blast.

The explosion shattered the four-storey offices of the district commandant for East Soweto, the black township which lies six miles to the south of Johannesburg.

● Senior South African and Mozambican Ministers met in Pretoria yesterday for the second time this week to discuss security and economic matters. Government officials said. Reuter

Work resumes at VW's Port Elizabeth plant

WORK has resumed in Volkswagen's Port Elizabeth plant following a week-long closure, Jim Jones reports. The closure resulted from a dispute in the paint shop which affected overall plant operations.

The company says union members have agreed to return to work while grievances are being investigated. Volkswagen's Port Elizabeth plant employs about 4,000 people and produces about one-eighth of South Africa's motor cars.

Hawke's plan to cut export incentives sparks protests

BY COLIN CHAPMAN IN SYDNEY

CUTS IN export incentives planned for next Tuesday's budget by Mr Bob Hawke's Labor Government have thrown Australian business and industry into confusion and led to major protests. Business and employer groups have been taking full-page advertisements in national newspapers saying *that cuts in the export market* development grant will bring about the loss of 5,000 jobs for every A$100m (£64m) of exports lost.

The Export Market Development Grant was introduced 10 years ago with the intention of providing incentives in the form of taxable cash grants, based on expenditure incurred mainly *for the purpose of seeking or* developing export sales.

The Cabinet's decision to cut export incentives is part of an attempt to cut back Australia's budget deficit to A$7bn for the next year while still allowing Mr Paul Keating, the Treasurer, next Tuesday to meet Labor's pledge to reduce taxes.

It is known that axing the scheme was much favoured by Mr John Stone, the Treasury Secretary, who resigned on Monday, and some are seeing his resignation as evidence that *ministers have had second* thoughts on the export incentives issue. But Mr Stone's disagreement with government policies runs far deeper, and just one aspect of spending, and it would be surprising if Mr Keating did anything other than stick to his guns, probably reducing the maximum support available from A$100,000 to a *much lower amount,* thus discouraging large companies from applying for help.

In Wellington yesterday the new Labour Government announced that performance-based export incentives will be cut by half in the 1986 tax year, and by half again in the succeeding year. These export incentives will disappear com*pletely after the 1987 tax year.*

From April 1, 1985, three New Zealand export-related loan schemes will fall away—rural, dairy and general. Other forms of assistance aimed at export market promotion and development will be reviewed.

The decision was made to confirm the previous government's policy of eliminating supplementary minimum price schemes applicable to various primary producers.

In Australia, Mr Bert Evans, executive director of the Metal Tades Industry Association, said *he was extremely concerned* about a cut in the grants scheme. The Government had told the metal industry, where most of Austalia's job losses in recent years have occurred, that it had to become more internationally competitive, and now appeared to be contradicting itself by slashing encouragement to export.

"*The Treasury continues to* trot out the excuse of abuses of the scheme, which confirms that they class all Australian exporters as cheats, and have not come to grips with the fact that these schemes have been of real benefit to Australian exporters in recent years," he said.

Last year Australia's export grants totalled A$67.75m.

Irish fear Libyan curbs

BY BRENDAN KEENAN IN DUBLIN

IRISH EXPORTERS to Libya are increasingly concerned that the trade imbalance between the two countries could threaten future expansion. The Libyans have made no threats but have let it be known they believe Ireland should buy Libyan oil to counter the imbalance.

Official figures show Irish exports to Libya valued at I£50m (£40m) per year, although the Libyans believe the true figure is higher. Over I£40m is in beef and live cattle *and the figures do not include* the value of EEC export subsidies, which can amount to almost half the value of the beef. The main manufactured export is clothing.

Ireland has virtually no imports from Libya and the Libyans would like the Irish state oil company, INPC, to sign contracts for Libyan crude.

Libyan oil is priced at almost $3 a barrel more than the North Sea crude which INPC buys at present and only government-to-government negotiations could produce a deal.

Thorn-EMI wins radar order from Spain

By David White in Madrid

BRITAIN'S DEFENCE industry has made a breakthrough into a virtually closed market by clinching a contract from the Spanish Government for the Searchwater airborne early warning radar system.

The £13m deal, which is still awaiting official export clearance from the UK Ministry of Defence, was confirmed yester*day by the* manufacturers, Thorn-EMI.

The company said it was believed to be the largest direct defence order which Spain has placed with Britain for 25 years.

Britain had failed to secure any major defence contract in Spain since the 1960s, when a frigates deal was cancelled as a result of Labour Party opposition to the Franco regime then in power. Since the return of democracy in Spain, Britain's chances have been further hampered by the continuing stalemate over the future of Gibraltar. This has left the market open to U.S. and French manufacturers.

The Searchwater radars, which have an estimated range of more than 100 miles, are due to be installed on Spanish Navy Sikorsky helicopters. The contract is understood to cover three radars, with delivery due in the course of next year.

The early warning version being sold to the Spanish was developed by Thorn-EMI Electronics at short notice during the Falklands conflict in 1982, in order to reduce the vulner*ability of Royal Navy vessels to* Exocet wave-hopping missiles. The Spanish deal is the first export sale of Searchwater.

The contract provides for manufacture of some of the components by Spanish defence suppliers and for technological assistance.

Aluminium complex opened in Brazil

PRESIDENT Joao Figueirado of Brazil yesterday opened the U.S.$1.5bn Alumar project, a big alumina/aluminium complex in which Alcoa of the U.S. and Royal Dutch/Shell are the main shareholders, Andrew Whitley reports from Sao Luis. Most of the initial output of 500,000 tonnes of alumina and 100,000 tonnes of aluminium will be exported by the two partners in line with their 60-40 division of investment.

China allows border people to resume trade

BY MARK BAKER IN PEKING

CHINA IS beginning to relax its border controls to allow its frontier people to get on with their traditional trade with neighbours in Pakistan, the Soviet Union and Nepal.

Under an agreement signed *this week in Gilgit, Kashmir,* caravans are to begin the first regular trade exchanges in a generation across the Sino-Pakistan border in the western Himalayas.

But the caravans are now convoys of trucks, not camels, and the cargoes will be a little different from those of ancient times when the region was a *staging point on the Silk Road* between China, the Middle East and Europe.

The Pakistani merchants taking the journey over the Khunjrab Pass in *the* Korakoram Mountains to *Kashgar,* China's western-most outpost, will be carrying dried fruits, medical herbs, cotton cloths . . . and colour TV sets.

Their counterparts from the desert country around Kashgar will be sending back milk, porcelain, generators, coal and kerosene.

Meanwhile, China is reopen*ing a series of border trade* posts along its 6,000 km northern boundaries with the Soviet Union, the yak herders of Tibet and Nepal are doing brisk barter business and China and India have just signed a state trade agreement that could lead to a relaxation along their closed frontier.

The agreement with Pakistan will *enable the growth of* regular trade exchanges between the people of Kashmir and China's autonomous region of Xinjiang.

China-Pakistan border trade was resumed on a small scale in 1969 and the volume has grown to about U.S.$300,000 a year, but the caravans have only crossed the mountains occasionally.

Under the agreement for regular exchanges, a caravan of Pakistani merchants is to leave for Kashgar in the first week of November, while the first Chinese caravan is expected to reach Gilgit by the last week of December.

China reopened two border trade posts between Xinjiang and the Soviet Union late last year after they had been closed for more than 20 years.

Trucks are using the road crossings, at Turugart near *Kashgar and Horgas in the far* north, to swap goods including Chinese long-staple cotton and fruit and Soviet coffee and glass under a state-to-state barter trade agreement.

In the far north east of China there are further moves to improve the trade exchanges across the border between the province of Heilongjiang and the Soviet Union, most of which is formed by the Amur and Ussuri rivers.

Agreement was reached in March on improving regulations for the navigation of rivers in the area, where disputes led to an outbreak of fighting in 1969.

Barter trade exchanges are growing through a number of crossing points. China takes Siberian timber, fertilisers and agricultural equipment, while the Russians take meat, cooking oil and textiles. There is also believed to be a thriving illicit trade in furs.

China allows the greatest trading freedoms to its Tibetan minority. Under a 1956 agreement with Nepal, border dwellers can travel as far as 30 km on either side to ply their commerce. The neighbouring Himalayan herdsmen barter Tibetan goatskins and salt for Nepalese grain.

The two countries do business worth several million dollars a year in Nepalese jute, tobacco and herbal medicines and Chinese textiles, machinery, toothpaste and hair oil. Because *of the tough mountain terrain,* most of the cargo has to be shipped via Dacca and Calcutta.

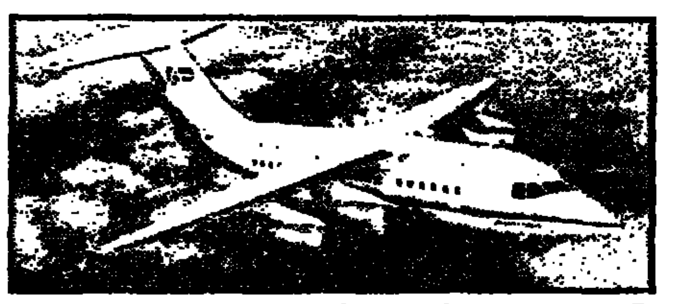
China's border with India remains closed while a major demarcation dispute continues. But the signing of a three-year state level trade agreement in Peking on Wednesday has raised hopes of an easing in the restrictions on local trade.

The agreement, the first trade accord between the two countries, gives reciprocal favoured nation status on duties. It is expected to give a boost to bilateral trade volume which last year declined to about US$80m, most of which was Chinese exports.

BAe 146 airliner ends long hunt for orders

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TODAY, a British Aerospace 146 four-engined regional jet airliner returns to Hatfield from an overseas sales and demonstration tour that has taken it over 40,000 nautical miles through 17 countries in the Far East, South-East Asia and the Middle East, in a long hunt for new orders.



BAe 146 feeder airliner: break-even point a long way off.

The trip has included China, Tibet, South Korea, Japan, the Philippines, Indonesia, Singapore, Malaysia, India, Nepal, Pakistan and Bahrain, and has lasted six weeks. BAe is hoping that the undeniably by the air of interest aroused by the aircraft will result over the ensuing months in new orders.

Those orders are vital for the success of the venture. BAe is spending about £400m on the development and production of the aircraft, and although to date there are firm orders for 38 *aircraft, with options on* another 43, the break-even point of around 250 aircraft is still a long way off.

Production is currently running at two aircraft a month, but this will rise during 1985 to reach three a month, and will rise further if the inflow of new orders is such as to justify that acceleration.

BAe's market surveys have predicted that world-wide, up to the end of this century, there is a market for around 1,200 new "feeder" jet airliners for regional operations—that is, flying short to medium distances with payloads of around 100 passengers a time between destinations that are not served by the larger "*trunk*" *airlines.*

So far, BAe has this market to itself with the 146. But competition is on the way, with the new 100-seat F-100 twin-*engined jet recently announced* by Fokker of the Netherlands for service from about 1987-88, while the two big U.S. manufacturers, Boeing and McDonnell Douglas, are studying smaller versions of their twin-engined 737 and MD-80 Series with a view to getting into the same market.

BAe believes that its concept of a high-winged, four-jet airliner is the correct one for the market, although its potential rivals are all twin-engined.

The advanced high-wing *design gives the 146 an ex*ceptionally good airfield performance, enabling it to get into and out of short runways in high places, as the aircraft on the tour just ended demon*strated in places such as* Katmandu in Nepal and Lhasa in Tibet.

BAe can point to the results of the 17 aircraft already in service with seven operators in four countries (UK, U.S., Mali and Brazil) to confirm these claims. Aircraft-mile costs are proving to be 20 per cent below those of currently available *short-haul* twin-engined jetliners.

At the same time, the seat-mile costs of the 146 jet show an improvement of up to 35 per cent over turbo-propeller powered aircraft (generally regarded as cheaper to fly than jets) now in service elsewhere in the world on commuter and regional services.

Increasingly, too, the 146 is demonstrating reliability in airline service.

Utilisation is high. Air Wisconsin, a U.S. regional and commuter airline, which has five aircraft in service, is achieving up to 17 separate flights every day with some of its aircraft on short-haul operations throughout its network, amount*ing to close to seven hours* flying daily by any individual aircraft.

Pacific Southwest, also of the U.S., which is buying 20 aircraft with another 25 on option, is also now taking delivery, and is achieving high performance reliability.

It is results like these which help to sell aeroplanes. All the *blandishments and glossy* brochures produced by any aircraft manufacturer only serve to whip up interest. What matters to potential customers are results in service, and the more precise data that can be accumulated and disseminated, the better the chance of winning orders.

Throughout the past few *weeks, this is what* BAe has been doing in the Far East and South-East Asia. Data carefully collected from in-service operations, and translated into the languages of the countries concerned, has been widely disseminated, and even while the demonstration flights have been made for government and airline officials, detailed sales *discussions have been held.*

Filipino fertiliser self-sufficiency in prospect

By Emilia Tagaza in Manila

A U.S.$340m fertiliser plant built in the Philippines by a *group led by Coppee Rust of* Belgium has raised the country's hopes for self-sufficiency *in fertiliser* as well as export prospects.

At present the Philippines *imports up to 70 per cent of its* fertiliser needs. The chronic shortage of foreign exchange may lead to a *drop* in crop production, especially rice, the *Filipinos' staple food.*

The phosphatic fertiliser plant, scheduled to start commercial operations in October, is the second of the Philippine Government's ambitious 11 major industrial projects designed to hasten industrialisation.

The fertiliser plant and the copper smelter located near it are the only projects that have got off the ground. The rest were either mothballed or scrapped. Those that have been cancelled are a petrochemical plant, an aluminium smelter and a diesel engine plant.

The fertiliser complex in Leyte province, central Philippines is operated by the Philippine Phosphate Fertiliser Corp (Philphos), which is jointly owned by the state-run National Development Company (NDC) and the government of phosphate-rock-rich Nauru Republic *in the Pacific Ocean.*

Mary Helen Spooner assesses the bleak prospects for recovery under General Pinochet

Politics suffer as Chile's economy slumps

THE Raul Silva Henriquez shantytown, named after Chile's Roman Catholic cardinal and human rights defender, is one Santiago neighbourhood the police seldom enter. Approximately 20,000 people reside in flimsy wooden shacks without electricity, heat or running water. Unemployment in the area is estimated at 80 per cent, with many families subsisting on charity donations or small government subsidies.

Despite their hardship, two months ago the shantytown residents managed to hold an election for a neighbourhood council. An electoral commission was formed, voting tables set up and candidates began to campaign under the aegis *of political parties.*

But disagreements over voting procedures arose, with the accusation that members of Chile's banned Communist Party had railroaded the election in their favour. And so what was billed as a rare exercise in grassroots democracy under General Augusto Pinochet's regime was marred by charges of fraud.

The economic slump which last year sparked a series of anti government protests has been joined by what might be best described as a political slump. While opposition to the Pinochet regime may be more widespread than ever, serious divisions over tactics and strategy have sprung up among Chilean opposition leaders.

Leftist trade unionists are pushing for a national strike as the next logical move to pressure the Government. But more moderate labour leaders fear that a strike would only be partially supported and result in massive dismissals for the participants.

Last year a hastily declared anti-government strike at the state-owned copper mines was heeded by only one third of the workers—most of whom temporarily lost their jobs. According to Sr Hernol Flores, president of Chile's public employees union, there is no real prospect at present for a national strike.

"With unemployment so high, those with jobs want above all to protect them," he said. "The irony is that if economic conditions were to improve, a strike would be feasible."

The prospects for such an improvement seem bleak at this point. *Although Chile's gross* domestic product increased by 4.5 per cent during the first six months of the year, the economy as a whole is constrained by record low prices for copper—Chile's chief export which provides nearly half the country's export earnings. In addition, Chilean authorities say that almost all the country's financial resources will have to go towards paying interest on the $18bn foreign debt.

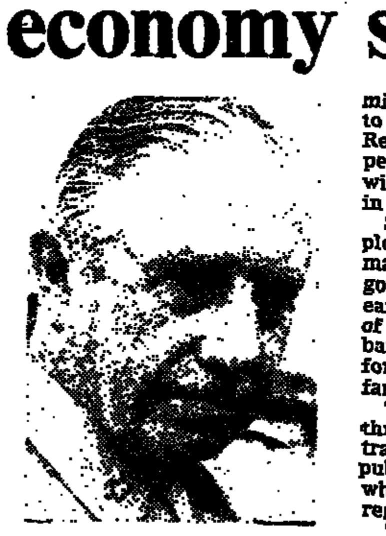
Last week Sr Luis Escobar, Finance Minister, made the *gloomy observation that even if* copper prices recovered and interest rates declined, the next three years would still be austere ones for Chile.

The Chilean Budget Office had predicted an average copper price of 75 cents per pound this year, at least 10 cents lower than the price to date and 15 cents lower than the latest list*ings on the London Metal* Exchange.

Sr Escobar, who calculates the country's real unemployment at 24 per cent (official unemployment figures plus those enrolled in government work projects paying less than minimum wage), said that Chile would soon begin renegotiating the portion of its debt due in *1985, 1986 and 1987.*

Earlier this year, Chilean authorities were confidently predicting a trade surplus of $1bn for this year and a reduction in unemployment to 12 per cent. At this point neither goal seems likely to be met.

The Central Bank trade figures for the first half of the year show a trade surplus of only $338m, suggesting that the year end figure will be one



General Augusto Pinochet

third less than anticipated. The shortfall has been caused in part by an unexpected increase in imports generated by an unexpected spurt in industrial activity.

As if the situation of Chile's external accounts weren't bad enough, the country may be facing a further blow if President Ronald Reagan heeds the recommendations of the U.S. International Trade Commission to restrict copper imports.

Chile last year exported 348,000 metric tons to the United States, its single largest market. The ITC has suggested a quota for Chile of 121,000 metric tons annually, and although officials of Chile's state copper corporation say they will look for other markets if the measure is passed, the country is unlikely to recover all the lost export earnings.

The social cost of the econo*mic crisis is making itself felt* to a stronger degree than ever. Real wages have declined by 17 per cent over the past two years, with little prospect of recovery in the near future.

Sr Flores, the public employees union president, estimates that three-quarters of all government workers are now earning less than an equivalent *of $80 a month, a salary which* barely covers basic necessities for one person, let alone a family.

The situation, he said, is threatening to erode Chile's tradition of relative honesty in public administration, something which has set it apart in the region.

"I know of cases in which employees with access to public funds took money, not out of greed but out of familial necessity such as a sick family member," he said.

Wages in the private sector, though higher than in the public sector, tend to follow official leads in setting cost of living readjustment and wage hikes. One analyst estimates that *Chilean private sector workers* have lost about 40 per cent of their earning power over the past two years.

Against this background of severe economic difficulties, *General Pinochet's position has* in some ways been strengthened. In recent public statements he has attributed the increased anti-government sentiment to Chile's economic woes which—as he points out—are not all his government's fault. And Chilean opposition groups cannot claim to the country's suffering but pragmatic population there will be any quick financial recovery if they come to power.

Court order ends Pan Am strike

A strike by thousands of Pan American World Airways workers ended only hours after it began on Wednesday when the airline successfully applied to a New York court for a temporary restraining order on the action, David Blackwell reports from New York.

Unions representing nearly half the airline's 27,000 employees called the strike to protest against plans to freeze pension benefits. Pan Am said the action had a minimal effect. Eight flights had been cancelled, all either to or from New York.

Managua opposition drops key condition for elections

MANAGUA — Nicaragua's conservative opposition on Wednesday dropped one of its main conditions for taking part in general elections—talks between the country's left-wing leaders and U.S.-backed insurgents fighting them.

The surprise change of position was announced at a Press conference called by the Democratic Co-ordinator, an umbrella name for four conservative parties opposed to the ruling Sandinist National Liberation Front (FSLN).

Previously, the Co-ordinator had made its participation in the ballot conditional on a national dialogue between the Sandinists and all opposition forces, including leaders of the guerrilla groups which are trying to overthrow the Sandinists.

But Sr Luis Rivas Leiva, Co-ordinator president, said on Wednesday that the conservative parties no longer insisted on the inclusion of the guerrillas. Instead, they wanted a dialogue in the presence of witnesses from the peace-seeking Contadora group and the Organisation of American States.

Reuter

Timerman returns to top job in journalism

By Martin Andersen in Buenos Aires

SR JACOBO TIMERMAN, the former newspaper publisher whose brutal detention without charge became a focal point in the human rights struggle against Argentina's former military rulers, returned to the world of local journalism yesterday — his first day as the deputy managing director of the afternoon daily La Razon.

For Timerman, 61, the former editor and publisher of the now-defunct La Opinion, once the hottest journalism property around, the return to the top editorial spot at La Razon marks an ironic twist of fate.

Sr Timerman, who was expelled from Argentina in 1979 by the military after having been held for nearly 30 months without charge, became an international figure *as the result of his* critically-acclaimed book, Prisoner without name, cell without number, a moving tale of his own experiences in a clandestine torture cell.

La Razon, in the last eight years of its 80-year existence, is considered a usually reliable mouthpiece of the Argentine army and its most valuable contribution to local journalism was generally said to be a frequent unsigned column, Military Arena, a reflection of military thinking both in the Presidential palace and the barracks.

Sr Timerman returned to this country on January 7 in the wake of Democrat Raul Alfonsin's inauguration as President. Since then he has become personally involved in a number of court cases growing out of the "dirty war" of the 1970s which the military conducted against its opponents.

The announcement that Sr Timerman would take the La Razon job came as a surprise and most observers predicted it would result in an immediate circulation boost for the ailing daily.

In a telephone interview on Wednesday, Sr Timerman said La Razon would reflect his personality and therefore be a newspaper "for democracy, stressing pluralism, peace, open-mindedness and freedom of expression."

Gap between rich and poor 'increased' during Reagan term

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE GAP between rich and poor in the U.S. has widened under President Ronald Reagan, but his policies have not been responsible for all or even most *of the increasing disparity.* That is the main conclusion of a comprehensive, independent review of the "Reagan record," published this week, which is likely to provide ammunition for both sides in the autumn election campaign.

The findings are the result of a three-year study by the respected non-profit making Urban Institute, conducted by more than 150 researchers. The Institute set itself to examine what it describes as the greatest shift in U.S. domestic policy since President Franklin Roosevelt's New Deal in the early 1930s.

The study found that the average real disposable income of families in the poorest fifth of the population dropped by 7.6 per cent, from $6,913 to $6,391 a year in the period from 1980 to 1984. Equivalent incomes for those in the top fifth increased by 8.7 per cent from $37,618 to $40,880.

The share of the richest fifth in total income moved up from 37 to 38.9 per cent, while that of the poorest fifth fell from 6.8 to 6.1 per cent, the study showed.

The Institute said that while the 1.9 percentage point increase for the rich might not seem very large at first glance, "it represents a transfer of disposable income to the top quintile from other income groups of $25bn overall and translates into an extra $2,000 per family for this group."

Reagan administration policies, particularly the cutting of taxes and social benefits, had exacerbated the trend, the institute said. The policies had "helped the affluent but not the poor or the middle class."

But even without Reagan policies, the income disparities would have grown, it said.

The Institute said the reasons for the trend were not entirely clear. They appeared to be related to generally high unemployment levels in recent years and demographic changes such as the growing number of female-headed families at the bottom of the income distribution, and the growing number of "two-earner" families at the top.

While government programmes under Mr Reagan did less than before to "protect people from poverty" the safety net of public assistance for the poorest remained largely intact, the report said. "It would be a serious mistake to conclude that a revolution has taken place," it said.

The Institute gave Mr Reagan high marks for focusing the powers of the presidency to achieve his goals, dispelling the national mood of pessimism and countering the notion that the nation was too complex to govern. He had helped to shift the national agenda toward constraining government and greater independence for state and local authorities.

Housing starts drop 6.6%

BY OUR U.S. EDITOR

NEW HOUSING construction in the U.S. fell by 6.6 per cent last month from June, with a particularly sharp drop in building starts for single-family homes, the Commerce Department reported yesterday. Industry analysts said that the figures reflected continuing high mortgage rates and were a sign of a general weakening in the economy.

The July decline in housing starts left the pace of new Building slightly below that for July 1983. But, at a seasonally adjusted annual rate of 1.761m units, it was still above last year's total of 1.703m. The seven-month average for this year so far is 1.908m units, the department said.

New construction of single-family homes fell by a sharp 10.1 per cent, in the third consecutive monthly decline. With inventories of unsold houses rising, the rate at which new building permits were issued dropped by almost 12 per cent, foreshadowing a further decline in new construction in the weeks ahead.

WILL YOU PAY THE PRICE OF A BMW 5 SERIES AND STILL NOT OWN ONE?

THE BMW 518 £8,645.

It's an easy mistake to make.

BMW's reputation for excellence often misleads people into thinking these cars cost more than they do.

The fact is, anyone planning to spend over £8,500 on a four door executive saloon can afford one of the BMW 5 Series range.

There's certainly no shortage of choice: with six different models, and five different engines, you have combinations of luxury and performance to suit almost every need.

So if the crucial difference isn't price, what is it? It's simply that these cars are built with different priorities from mass produced "executive saloons."

Because BMW concentrate on the essentials, not the frills.

If that sounds a little spartan, consider this: four out of five people who own a BMW say they'll buy another.

So before you sentence yourself to thousands of miles of humdrum motoring, ask yourself one question.

Aren't your priorities really the same as BMW's?

IF A CAR COMPROMISES ON ITS ENGINE, WHERE WILL IT STOP?

The heart of a BMW is its engine.

That explains why the least expensive 5 Series, the BMW 518, has an engine that was good enough to be developed into the one that powered last year's Formula 1 World Champion.

And why the next car in the range, the BMW 520i, has an in-line six cylinder engine. Most of its alternatives can do no better than a four, five or V-6 cylinders.

According to the laws of physics, none of these engines can be perfectly balanced.

While BMW's is so well balanced that it's measurably smoother than even a V-8 engine.

WILL YOUR CAR BE BUILT TO THE STANDARDS OF A £25,000 BMW 6 SERIES COUPE?

At BMW there's only one standard, irrespective of the price of the cars. So they all go through a 45 stage paint process.

They all have 150,000 electronic listening tests carried out on every single engine (almost unbelievable, but true).

They all have such rigorous inspection that 29% of the time spent building a BMW is spent inspecting it.

The result? "...Among the most reliable cars ever tested by Motor" was the judgement by the Managing Director of Motor, after 53,000 miles of driving a 5 Series.

WILL YOUR FUEL SAVER BE A LIFE SAVER?

"The never ending search for fuel economy is in danger of spawning a generation of long legged but gutless wonders."

So said The Times, and so say BMW.

Because to increase fuel economy at the price of performance may rob you of the vital power you need in an emergency.

So BMW have developed new solutions.

Like the revolutionary 'eta' engine that powers the £11,795 525e. At 70mph, it's running at a mere 2000 rpm.

With the result that its official fuel consumption figures are lower than the car claiming the lowest drag co-efficient in this class. More importantly, the 525e is 28% faster in the crucial 30-50 mph overtaking time. Proving that a fuel saver can still be a life saver.

"NO CAR HAS EVER GIVEN ME AS MUCH SHEER DRIVING PLEASURE."

Again, a quote from the Managing Director of Motor.

But virtually every review of the BMW 5 Series says the same thing.

Like Drive's verdict on the 520i: "The further and faster you drive it, the more rewarding it proves."

Such opinions are not easily won.

The fact is, BMWs are designed to be actively driven, not passively steered.

Which is why each of the 5 Series has a steering system that feeds back to you exactly what's happening on the road.

And the high performance 528i even has a special suspension that can actually tauten in a corner (like a racing car) and then relax on a stretch (like a limousine).

MORE BRAINS THAN ANYTHING ELSE IN ITS CLASS.

A BMW 5 Series, however, is not mere brawn. BMW have been investing a higher proportion of their turnover in research than any other car company in Europe.

And this shows in the innovations which the 5 Series offers you.

Like the service computer that monitors every mile, adjusting the car's service interval to where and how it's driven. (Making it possible for you to go 17,000 miles between main services.)

Or the check control system (on the 525i and 528i) that automatically monitors seven of the car's key functions (making it unnecessary for you to ever use the dipstick).

Or the anti-lock ABS braking system that's now available on five of the models in our range.

But don't expect to find ideas like these on the car you were thinking of buying.

IF YOU DON'T TRY IT, YOU DON'T DESERVE IT.

It's a surprising fact that half the people who buy an executive saloon don't try it before they buy it. (You wouldn't after all buy a house without going through the front door?)

And while some cars might be best judged on paper, the BMW 5 Series isn't one of them.

Only when you drive one can you experience that concepts such as "comfort" and "luxury" require more than a superficial list of extras.

Only then will you discover why BMW is called "The Ultimate Driving Machine."

And to think you were just about to buy an ordinary car.

THE BMW 528iSE £16,925.

FT4

Please send me details of: £8,645 BMW 518 ☐ £10,395 BMW 520i ☐ £11,795 BMW 525e ☐ £12,395 BMW 525i ☐ £13,895 BMW 528i ☐ £16,925 BMW 528iSE ☐ Please arrange a test drive in the car I've indicated ☐

(Mr, Mrs, Miss, etc.) Initial Surname Daytime Tel. No.

Address

(Town/City) (County) (Postal Code)

Age if under 18 Present Car Year of registration

Send to BMW Information Service, P.O. Box 46, Hounslow, Middlesex. Or telephone 01-897 6665.

THE ULTIMATE DRIVING MACHINE

DOE FUEL CONSUMPTION FIGURES FOR THE BMW 525e. URBAN: 24.6MPG (11.5 l/100KM), 56MPH: 47.9MPG (5.9 l/100KM), 75MPH: 37.7MPG (7.5 l/100KM). PERFORMANCE FIGURE SOURCE: WHAT CAR? PRICES CORRECT AT TIME OF GOING TO PRESS. INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. INCLUSIVE DELIVERY CHARGE INCORPORATING BMW EMERGENCY SERVICE AND INITIAL SERVICES £198 PLUS VAT. BMW 518 SHOWN WITH ALLOY WHEELS AVAILABLE AT EXTRA COST. FOR A BMW 5 SERIES INFORMATION FILE, PLEASE WRITE TO: BMW INFORMATION SERVICE, PO BOX 46, HOUNSLOW, MIDDLESEX, OR TELEPHONE 01-897 6665 (LITERATURE REQUESTS ONLY). FOR TAX FREE SALES: 56 PARK LANE, LONDON W1. TELEPHONE 01-629 9277.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

DEREK ALLAM is a gambler who closely studies form. In less than three years he has gambled £20m of the Pru's cash on 45 long shots—some with names like Dobbin and Blinker—in the search for winners in *innovative technology.*

Allam is chief executive of Prutec, the venture capital arm of the Prudential, the UK insurance company. It was set up in 1980 as a novel vehicle for investment in innovation. The well-publicised part of Prutec's activities has been its investments in *start-up* companies making body-scanners, robots and home computers, for instance. Some of Allam's bets have already started to pay off. *But one Dragon Data, the microcomputer maker whose* assets were this week bought by a Spanish company after an expensive bailing-out operation *by Prutec— has proved less* happy.

The unpublicised side of Prutec's business is backing for the inventor. "We remove the *technical risk from the development,*" claims Allam, a chemist formerly with the National Physical Laboratory. He licences carefully selected inventions to *industry as part of a package* that also includes market analysis.

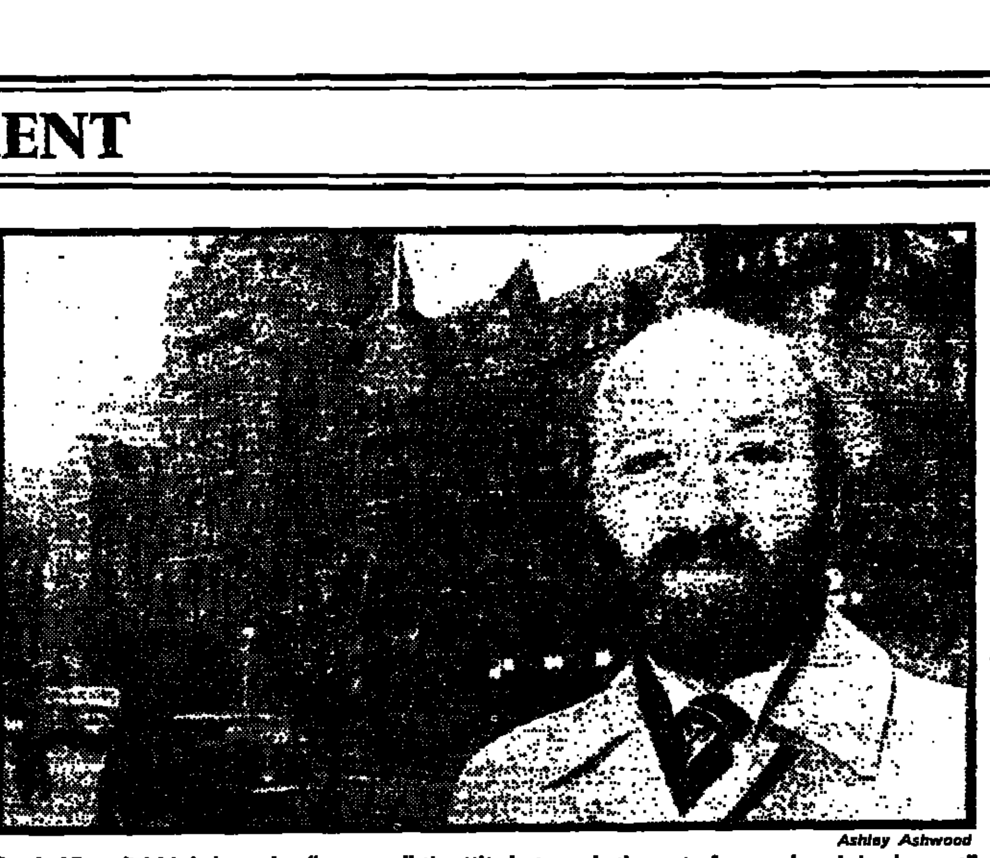
The portfolio is far from profitable but contains a wealth of *experience of innovation* in Britain in the 1980s. Two ideas have gone into production. A dozen more are rated by Allam as "hot" and he forecasts confi*dently that several will* be licensed for production this year.

"In the past four years we've seen about 4,000 people looking for money." Prutec has taken about 100 of these supplicants seriously, and has made offers of cash to about 25 inventors.

It is trying to spot a very elusive treble: an original idea that can be patented; a market for it; and an inventor it believes cn make the idea work. All too often the inventor himself is the weak link. "If a guy comes along with a super idea but can't see how to get it to the market, the changes are that *he won't,*" Allam contends.

Prutec got into the business of backing inventors as the result of a study commissioned by Ron Artus, a Prudential main board director, from PA, the management consultancy. One result of this study was a brief to set up market-led projects in technology, take out the technical risk, then offer the projects under licence to manufacturing industry.

"Preferably British," Allam stresses. "We always give British industry first chance." One of the driving forces was a belief in the Pru that the recession was causing British industry to curtail spending on research and that the City should do something to help.



Ashley Ashwood

Derek Allam: British industry has "an unrealistic attitude towards the cost of research and development"

Prutec pitches for an elusive treble

David Fishlock on the progress of a major UK venture capitalist

Prutec interprets "take out the technical risk" to mean that it should fund enough research to show that the idea is technically feasible and marketable. It is up to the *licensee to fund enough develop*ment to put it into production.

Mike Russell, licensing manager, says every project is picked up by Prutec at a stage *where no one can be certain* the technology can be achieved.

Another consequence of the original study for the Pru is that PA itself joined the enter*prise. Its subsidiary,* PA Technology, has several research and development centres: near Cambridge in England, in Princeton in the U.S., and in Brussels.

So far, PA Technology has proved the most bountiful of the three main sources of ideas investigated by Prutec, the other two being the Battelle laboratories in Geneva, and university research.

With PA, the arrangement is that Prutec has first refusal for all ideas not the property of PA's own clients. It then has two months in which to take a decision whether to back it with *research. Its tendency is to* take a quick decision whether to make it Prutec's property, then do the market research, including a patent search.

But with ideas from other sources, where Prutec has no prior claim—including the ideas of individual inventors—it will do market and patent research *first, before* making any decision.

Each Prutec project is assigned a codename, partly for commercial security but partly *just to simplify accounting.* A certain low humour can creep in here—Lisp for an electronic speech machine, and Fanbelt for a female sanitary device.

The biggest lesson Prutec has learned, Allam says, is not to trust its own hunches or those of the inventor about market potential—even though he rates the market judgment of both PA and Battelle as "better than most." He stresses the need to confirm hunches with market research before making any financial commitment. He sees an ever-present danger for any consultant of drifting too far from the marketplace.

The only project to fail technically so far and sink Prutec's investment is a PA investment codenamed Spot. Prutec spent £87,000 on research with PA *before abandoning Spot, a pro*jection TV system intended for the home, but which turned out to be too noisy and too costly to cure.

But a neat idea for sterilising infant feeding bottles, codenamed Bottle, which also worked out to be too expensive for use in the home, may find *other markets. It is being* refocused on markets for sterilising bottles in larger numbers—in nurseries, in drug packaging, even for a maker of contact lenses.

This is not the only case where the eventual market is not the one originally envisaged. "It's often possible to save something from the wreck," says Russell.

Imp, an idea for greater security with credit cards, *proved a marketing failure, too* vulnerable to "more intelligent technology" in a fast-developing field. But it also taught Prutec a lot about dealing with large infrastructures and entrenched interests such as, in this case, banking. "A bit like taking on Detroit," Allam muses.

He admits that he and his colleagues recognise the same problems in their own parent organisation and its industry, for example in its cautious *attitude towards the idea of* equipping insurance reps with portable computers. Prutec has made no attempt to pitch an idea at the Pru.

Inadvertently, however, Prutec managed to cause its parent problems when it made an *investment in a company making* charcoal cloth, invention of a Ministry of Defence laboratory, which prompted a headline alleging "The Pru goes to war." Some clients cancelled policies.

Defence equipment and drugs are two areas of innovation Prutec avoids. Allam is wary of drugs because of the daunting legal implications of product liability nowadays. But it is active on the fringes of the drug *industry* with some of its inventions in biotechnology. And biotechnology is one sector where Allam is eager to solicit more ideas.

But the big disappointment from Prutec's market research is the poor response from British industry. Allam pinpoints shortage of cash for innovation and "an *unrealistic* attitude towards the cost of research and development" as the handicaps here. Foreign companies are much more receptive to Prutec proposals for opening a new market. "We can always get in to talk to them although it is difficult to get beyond that."

Of the dozen projects seen as "hot prospects," only two are being negotiated with potential licensees in British industry.

Generally speaking, U.S. companies are less chauvinistic about the origins of ideas than those of other nations, Prutec has found. But Russell relates how he ran into the NIH factor—"not invented here"—with one U.S. company. The chief executive showed great interest in licensing a telecommunications invention. Then he backed out, saying that he could not get his engineers to support him and was not prepared to overrule them. Russell is con*vinced they saw the idea of tak*ing a licence as a threat to their own inventiveness.

Derek Allam wants a bigger portfolio and sees British *universities as his* best prospect for more ideas. "They are much more commercially-minded these days," Russell confirms.

But Allam divides British university attitudes into two distinct categories: those who emphasise the freedom to think and those who emphasise training for industry. The latter know they must keep right up to date to be successful, he says.

The danger, as he sees it, lies in the middle ground between these two positions. Many pretend to do research but don't, and are not interested in industry. "There's a lot of *dead wood in the middle.*"

Production technology

A less than smooth path to industrial automation

BY BRIAN GROOM

INDUSTRIALISTS are stepping up capital investment in factory automation, but when equipment is introduced, they are running into problems such as lack of expertise within their organisations and difficulties in training staff. Some companies are also failing to achieve the cuts in manning levels which the new systems in theory permit.

This picture of mixed success with computers and automated *production technology* in Britain emerges from a "Factory of the Future" survey of 190 senior managers and directors by the magazine Works *Management, carried out* with the help of Burroughs Machines. The magazine also examines three companies' experiences in detail.

The average capital budgets of the companies increased by 17 per cent in 1984-85, compared with 12 per cent the year before — an overall rise of 31 per cent in two years. In real terms, capital spending was about 20 per cent higher than two years ago.

Also on the positive side, two-thirds of respondents were satisfied their companies were doing enough, though nearly half of these said they faced barriers to further automation.

More companies were using computers (96 per cent had at least one) and more were taking up Government grants *—nearly 70 per cent, compared* with 55 per cent in the magazine's last survey 18 months ago.

But the number of companies with problems had increased from 47 to 56 per cent — perhaps because more were looking seriously at automation and therefore appreciating the difficulties, than because of an underlying deterioration.

Those who felt their companies had insufficient technical expertise — a predictable problem as companies go further down the automation road — increased from 15 to 23 per cent.

Thirty-seven per cent saw staff training as a major problem, a 6 per cent rise. The biggest troublespots were *among* line managers and supervisors, listed by nearly 30 per cent of respondents — nearly four times higher than those who regarded shopfloor workers as *a problem.* Automation is clearly making heavy demands on the technical competence, planning and control skills of line management.

*Those who felt there was in*sufficient support from top management doubled to 10 per cent, while those who felt that techniques for evaluating proposed capital investments were inadequate rose from 9 to 13 per cent. Numbers of respondents citing lack of funds (27 per cent) and shopfloor resistance (10 per cent) were stable.

Of the companies examined, Anderson Strathclyde, which makes coal-cutting machines at Motherwell in Scotland, has invested £7m in one of Britain's most ambitious flexible manufacturing systems for machining steel castings of up to three tonnes.

If it lives up to its promise, the system will cut boring times for large structural components from 26 weeks on manual borers, and 16 weeks on computer numerically controlled borers, down to just six weeks.

In theory the system's six individual machines can run largely unattended, but the company has no immediate plans to cut manning to minimal levels mainly because the machines do not yet have enough intelligence to protect themselves against malfunction. This could damage machines costing £1m or spindles worth £20,000.

Automation has already brought benefits to Anderson Strathclyde, however. A computerised material requirements planning system has cut purchase lead times from eight weeks to eight days, saving £5m in the first year.

Edwards High Vaccuum, a *manufacturer of mechanical* vaccuum pumps at Shoreham, on the Sussex coast, has achieved success by reorganising plant layout, but regards high manning levels as a weakness.

John Rimer, manufacturing director, says shop stewards and workers were unwilling to discuss the subject *logically*, but the time would come when manning on high-technology equipment was cut.

Westwood Engineering, which makes garden tractors in Plymouth, Devon, bought CNC lathes, a machining centre and a robot-welding line, but felt it could have achieved the same results without new technology if it harnessed the workforce better.

Output of sheet metal fabrica*tions improved*, but only because they were redesigned to allow welding from one side; if that had been done earlier, the process could have been optimised without resorting *to robots.*

Works Management, Summer 84; Franks Hall, Horton Kirby, Kent, DA4 9LL.

Business courses

Methodological advances in marketing research in theory and practice, Copenhagen. October 17-19. Fee: Nonmembers SwFr 755, members SwFr 655. Details from European Society for Opinion and Marketing Research (ESOMAR), *Central Secretariat,* JJ Viottastraat 29, 1071 JP Amsterdam, The Netherlands.

Maximising returns from MRP, London. September 25. Fee: Members £172.50; Non-members £195.50. Details from Seminar Secretary, The British Production and Inventory Control Society, 45-47 South Street, Bishop's Stortford, Herts CM23 3AG. Tel.: 0279 56695.

Electronic financial services, *London. October 22-23.* Fee: £410 + VAT. Details from the Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX. Tel.: 01-621 1355. Telex: 27347 FTCONF G.

Consulting and influencing—skills and strategies, Brunel. October 22-26. Fee: £500. Details from the Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH. Tel 0895 56461, ext 215.

TECHNOLOGY

EDITED BY ALAN CANE

OPTOELECTRONICS

Britain heads optics sales league

EUROPEAN SALES of optoelectronic components, ranging from the still-dominant cathode ray tube for displays, to the *solar cell and the gallium* arsenide laser, topped $580m in 1983 and are growing at 15 per cent per annum.

Britain is the major consumer ($156m in 1983) and seems likely to remain so to the end of the decade. West Germany is next ($145m), followed by France ($133m) and The Benelux ($39.3m). The rest of Europe accounts for about $111m.

The figures are contained in a report just out from Frost and Sullivan* which shows that the communications industry was the biggest user in 1983 ($171m), followed by data processing *hardware ($141m)* and industrial instrumentation and control ($105m).

In spite of the growing use of display devices such as the light emitting diode (LED) liquid crystal display (LCD) and gas discharge devices, the cathode ray tube (CRT) remains the predominant means of turning electronic data into visible information.

CRT sales amounted to $200m in 1983—more than all the other display components put together. Significantly, F & S predicts that CRT sales by 1989 will still be about 20 per cent larger than the combined figure of all the others.

The report attributes this to the predicted rapid expansion of the personal computer market and other microcomputer applications.

Technically, the CRT remains one of the world's more elegant devices, with an electron beam that is weightless and can therefore address any part of a large picture area at very high speed.

As the technology stands, it seems likely that the high definition colour picture demands of computer-aided design and other graphics systems—a growing market—*will be met only by the CRT.* Addressing the picture elements at high speed and definition remains a problem for the other display devices.

After CRTs, the next biggest market in opto-electronics is the light-emitting diode ($85m in 1983) followed by liquid crystal devices ($60m). By 1989 the growths, respectively, will be 72 and 130 per cent.

A rather more glamorous device — the solar cell — will nearly double its sales to $38m by 1989, an average annual growth rate of about 11 per cent. Nothing dramatic is predicted since, says F & S, climatic conditions tend to defeat the solar cell in Europe.

An exceptional growth prediction is made for the laser diode, as tiny device similar to *the LED producing a powerful* monochromatic, coherent beam of light that can be shot straight into the end of an optical fibre. Due to a predicted sharp increase in fibre optic communications, in which pulsed light beams rather than electric currents carry information, sales of laser diodes will jump *from $1.1m last year to some* $50m in 1989.

The report identifies 32 companies in the opto-electronics business in Europe, and attempts to rank them for each product type. Toshiba, for example leads in display device sales, followed by General Instrument and Beckman. TRW sells the most detectors and sources, while Corning and STC lead in optical fibre sales.

* *Opto-electronic Components in Europe, 265pp, $1,700, published by Frost and Sullivan, 104 Marylebone Lane, London W1M 5FU (01-486 8377).*

BY GEOFFREY CHARLISH

WHY HEAT TREATMENT MEANS BETTER RELIABILITY

Chips cooked to failure

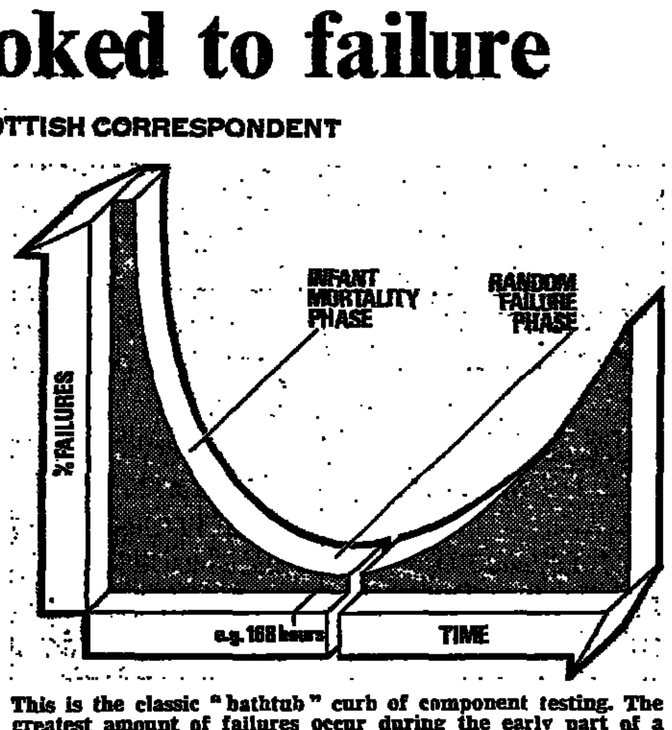
BY MARK MEREDITH, SCOTTISH CORRESPONDENT

TESTING is a tiresome, costly *but vital part of the electronics* industry.

The vast majority of failures in components such as integrated circuits and of assembled units like printed circuit boards, appear in the first year of an instrument's life. So the industry tries to simulate that first year through various techniques, in effect accelerating time to bring out bugs.

Testing under normal conditions would leave computers and *other data equipment ageing* like casks of whisky. The cost in testing equipment, often into the millions, is still worth it set against the warranty costs repairing faulty machines, not to mention the bad publicity that comes with, say, a retailer complaining of a 5 per cent return rate in one type of home computer.

"Burn-in" and thermal cycling are two established ways of jumping time in testing to *produce a year's possible* failures in a number of hours. Components like microprocessors are given extra energy in the form of heat, apart from the normal electric current passing through them. They are virtually cooked for a set period as there is an established logarithmic relationship between temperature and the lifespan of a component.



This is the classic "bathtub" curb of component testing. The greatest amount of failures occur during the early part of a component life. By accelerating the ageing process manufacturers can ensure that equipment has a guaranteed longer life.

A year of operation can be simulated through heat treatment over 24 to 48 hours catching between 0.1 to 10 per cent of failures. This would correspond to the span of failures a commercial manufacturer would want to eliminate. Military specifications would be more stringent requiring test periods of 160 hours or more.

The industry refers to this ratio of failure to time as the "bath-tub curve." This shows that after a short initial period virtually all the likely failures can be spotted. After this equipment would settle down and perform without failure for the rest of its designed lifespan.

Thermal cycling puts assembled components through rapid changes in temperature over a period of, at least 24 hours, so that the wear and tear of expansion and contraction will bring out any flaws in the make up of the assembly or its components.

Electronics companies like Ferranti in Edinburgh with extensive defence contracts have about 100 test facilities to subject instruments to 200 hours of alternate heat and cold to simulate the first year or so of operation.

Kineticon is a new British manufacturer of testing equipment for the industry hoping to climb aboard a growing market along with the main U.S. producers by offering cheaper and more flexible designs of equipment.

The company was set up by David Young, a 32-year-old production engineering graduate who has already worked in the *testing equipment field before* deciding to start up on his own with assistance from 3I Ventures and some private investors.

The company operate from a small factory in Glenrothes New Town in Fife. Young explains that he set up his company in Scotland to be near the customers: Scotland has the largest concentration of semiconductor manufacturers outside California with companies like Motorola, National Semiconductor, General Instrument, and Nippon Electric close at hand.

"Another reason was the accessibility of skilled labour," says Young who employs a small force of 17.

Kineticon specialises in burn-*in as well as thermal cycling* for electronic assemblies. A printed circuit board filled with various components cannot be subject to the 125°C heat of the *burn-in techniques.* Here thermal cycling comes into play subjecting equipment to rapid changes from hot to cold—from −20°C to +70°C.

The key to Kineticon's sales pitch competing against U.S. companies like Wakefield and Reliability Inc is the ability to "burn-in" numerous types of integrated circuits at the same time. Young started at the top, tackling the most demanding of testing—the monitored test under which the various functions of a component are tested while undergoing a "heat soak" or under thermal cycling.

This is accomplished by a large portion on the test board which remains outside of the testing chamber to allow a large number of connections for the components inside. A single test board can hold between 50 and 500 integrated circuits depending on their configuration of pins. Kineticon's largest *test system for volume chip* producers can hold anything up to 42,000 integrated circuits at one time for burn-in.

"By increasing the scope of the logic applicable to the components under test, we though it would be easier to tackle more simplified forms of test*ing right down to the straight*forward static burn-in where components are subjected only to heat," says Young.

Retail

Supermarket terminals

ARGUS, WHICH claims to be the largest catalogue/showroom retailing operation in Europe, has installed point-of-sale networks in 28 of the stores and plans to equip a further 25 by the end of the year. It is planned to convert all 140 stores in the next four or five years.

Smart Terminals of Oxford are providing the system using the National Semiconductor Datachecker DTS system.

Using DTS 521 point-of-sale terminals linked in-store with Comart CP152M microcomputers, two networks will be implemented in each location, each linking all the terminals and the computer.

Each terminal in every store is polled individually by the Argos central computer in Edgeware between close of business and 6.0 am daily, to give management information first thing every day.

One outcome is improvement in lost sales due to items being out of stock. Argos is aiming for a service level "hit rate" of 95 per cent.

Data

Computer microfilm

A COMPUTER aided microfilm information retrieval *system is now available from* Jarogate in south London. At a cost of less than £4,000, the system can deal with standard film, 16 mm or 35 *mm microfilm cassettes.*

The Microbyte 2000, as the system is called, is designed around a 16 bit microcomputer. More details from *Jarogate on 01-671 6321.*

Computer

Lathe training

THE BBC B computer has been incorporated into a lathe training system by *Denford Machine Tools near* Harrogate. The company uses a mini-lathe controlled by the microcomputer to teach the essential skills for operating larger computer-controlled production lathes. The system costs £1,690. More details from Denford on 0243 61317.

Machine tools

Simple programs

A SIMPLE means of programming CNC machine tools in three axes using a screen, keyboard and menu tablet is offered by Trumpf Machine Tools of St Albans.

Defined areas on the touch sensitive menu tablet contain all the characters, numbers and symbols for geometrical construction on the screen, tooling definition and positional commands. As the user progresses through the routines and the programme is built up, the graphics display becomes more and more complete, enabling input and other errors to be picked up *and corrected.* Programmes can be stored on floppy disc or tape.

For different kinds of machine tools and techniques, the touch sensitive foils are exchanged. The system can deal with punching and nibbling (a Trumpf speciality), laser and other cutting techniques, drilling, milling, grinding and turning.

The system has ten megabytes of storage on a Win*chester disc, tape punch and* printer. It is possible to link the system to a mainframe for greater capacity. More on 0727 31111.

Telecoms

Pocket book terminal

A COMBINED word processor, screen, keyboard, modem and acoustic coupler with security encryption *packed into a unit the size of a paperback book,* comes from Testlite in Washington, Tyne and Wear.

The PX 1000 allows the *transmission and reception of* documents down any telephone line. It can store up to 7,400 characters, roughly three sides of A4 paper, and transmits information at three different speeds. At the fastest rate, it would take about 50 seconds to transmit all the memory capacity.

Weighing only 14 ounces, Textlite says that it has applications for stock brokers, lawyers, small businessmen, salesmen and executives on the move. More information from the company on 091 417 8585.

Networks

Cheap chips for cable connection

A SET of three chips that will allow both Ethernet and Cheapernet, the lower-cost alternative, to be implemented, *has been introduced* by National Semiconductor.

Cheapernet, soon to be incorporated into the IEE *802.3 standard, is a protocol*-compatible version of Ethernet at about one third of the cost. It offers the same ten megabit per second handwidth but utilises lower cost RG58AU coaxial cable as the transmission medium. The cable is lighter and more flexible than standard Ethernet cable and allows network connections *to* be made by the user.

The three chips are a network *interface controller,* serial network interface, and a coaxial transceiver interface.

National has been actively involved in the IEE 802.3 standards committee working on CSMA/CD systems (it stands for carrier sense, multiple access with collision detection), and the chips specically meet the IEEE requirement. The recently proposed Cheapernet options have been included in the new chip designs. In the NK, National Semiconductor is on 0234 47147.

Control

Basic style

A NEW hand-held terminal from Analogic, the Linker 1000, can be *programmed in* the BASIC language. It communicates with industrial monitoring and control systems through an RS232 interface and will support RS422 communications and a serial printer. More on Weybridge 56011.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
17	18	19	20	21	22	23

Music

LONDON

Moscow Virtuosi: Bach, Shostakovich and Tchaikovsky. Queen Elizabeth Hall (Mon). (9283191).

Lontano with Eiddwen Harrhy and Jennifer Smith, soprano, Gerhard, Hugh Wood and Schönberg. Royal Albert Hall (Mon). (5898455).

BBC Singers directed by John Poole with the Arditti String Quartet, Britten, Gyorgy Kurtag, Bartok, Ligeti and Bax. St Luke's Church, Chelsea. (Mon 8.45pm).

Moscow Virtuosi: Vivaldi, Respighi and Rossini. Queen Elizabeth Hall (Tue).

BBC Scottish Symphony Orchestra conducted by Jerzy Maksymiuk with Neil Mackie, tenor, and Robert Cohen, cello. Stravinsky, Schumann, Thomas Wilson and Mozart. Royal Albert Hall (Tue).

BBC Scottish Symphony Orchestra conducted by Jerzy Maksymiuk with Tamas Vasary, piano. Haydn, Beethoven, Peter Maxwell Davies and Rimsky-Korsakov. Royal Albert Hall (Wed).

English Chamber Orchestra directed by Murray Perahia, piano. Mozart. Royal Albert Hall (Thur).

Academy of Ancient Music conducted by Christopher Hogwood with Anthony Pay, clarinet and Michel Piguet, oboe. Mozart and Haydn. Barbican Hall (Thur). (6388891).

The Contemporary Guitar with John Williams, Paco Peña and Benjamin Verdery. Queen Elizabeth Hall (Thur).

TOKYO

New York Philharmonic Orchestra conducted by Zubin Mehta in their first visit to Japan. Brahms, Bach, Leonard Bernstein and others. Kani Koken Hall (Mon), Budokan (Wed). (4078158/8131).

VIENNA

Robert Lehrbaumer (organ) plays Bach, Mendelssohn and Schmidt at the Basilika Maria Treu, Jodok-Fink-Platz. (Mon).

The Musicians' Orchestra conducted by Alfred Eschwe, performs Haydn, Kodaly and Beethoven at the City Hall Arcade Court (Tue). (42800/2085).

Johannes Kropfitsch (piano): Bach/Busoni, Beethoven and Ravel at the Bosendorfer Saal (Wed). (656651).

Austrian Radio Sinfonietta conducted by Peter Guth performs classical Viennese dance music by Johann Strauss at the City Hall Arcade Court (Thur). (42800/2085).

SALZBURG FESTIVAL

Dietrich Fischer-Dieskau with Hartmut Höll (piano). Lieder by Richard Strauss in the Small Festival Hall (Wed).

Maurizio Pollini (piano). Schubert and Beethoven in the Large Festival Hall (Mon).

The Vienna-Berlin Ensemble. Danzi, Mozart, Schubert, Ibert and Hindemith. Mozarteum (Thur).

Early music in Utrecht

The Utrecht Early Music Festival, which has had considerable success in recent years, takes place from August 24–September 2. As well as formal concerts by such artists as the Hilliard Ensemble, the Landini Consort and the Clerkes of Oxenford, there will be open-air performances in market places and other fringe centres. Full details from the Holland Festival Office in Amsterdam. (020) 723328.

PARIS

Australian Youth Orchestra conducted by Ronald Zollman, Jean-Claude Malgoire, Oboe: Berlioz, R. Strauss, Shostakovitch (Mon 8.30pm). Assas Law Faculty, 92 Rue D'Assas, Metro Vavin.

Pierre-Alain Volondat, piano: One Hour with Beethoven (Tue 6.30pm), Town Hall of the 5th Arrondissement, 21 Place Du Panthéon, Metro Luxembourg.

Marco Horvat, Lute. Guillemette Laurens, soprano: Courtly melodies, Caccini, Kapsberger, Frescobaldi, Sermisy (Wed 6.30pm), Musée Carnavalet, 23 Rue Sévigné, Metro Saint-Paul.

Quatuor Jean Sibelius, Pascal Devoyon, piano: Haydn, Baliff, Franck (Thur 8.30pm), Town Hall of the 5th Arrondissement, as all the above are part of the Paris Festival Estival (5491480 Tue to Sat 10am till 7pm, or 2252285 Mon to Sat, 11am-7pm for information and bookings).

NEW YORK

Mostly Mozart (Avery Fisher): The programmes live up to their name, with a sprinkling of Haydn, Schubert and Mendelssohn. The Mostly Mozart Orchestra: Michael Tilson Thomas conducting with soloists Nancy Allen, harp, and soprano Barbara Hendricks (Mon); Jean-Paul Rampal recital with the Kalichstein-Laredo-Robinson Trio (Tue, Wed); Pinchas Zukerman, violin, with Marc Neikrug piano recital (Thur). Lincoln Center (8742424).

Theatre

TOKYO

Cats (Cats Theatre). The special tent theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (3201001).

My Fair Lady (Nissei Theatre): Toho company in the Japanese version with well-known cast: Kurihara Komaki as Eliza, Koyama Shigeru as Higgins. Eliza's father, played by Sakagami Jiro, is best known for his comedy roles. Directed by Terence Knapp. (5031111).

Woyzeck (Haiyu-Za): Performed by Black Tent Theatre, George Buchner's story about a simple soldier who kills his unfaithful wife. A chance (they rarely perform in Tokyo) to see this important avant-garde troupe directed by Japan's most overtly political "angry young man" – Makoto Sato. At least he was in the 1960s and 1970s. (9894021).

Bunraku (National Theatre): Like a smaller version of Kabuki, this puppet theatre for adults performed by the Osaka Troupe makes one of its few yearly visits to Tokyo. Plays, all 18th century, include Ashiya Doman Ouchi Kagami (The White Fox of Shinoda) and Saishu Ango Ura. Matinee and evening performances daily. This unique Japanese puppet theatre communicates powerfully: exceptionally skilled technique and virtuosity, detailed English programme notes. (2657411).

NEW YORK

Romeo and Juliet: Joseph Papp's Shakespeare Festival is performing in the city parks this year the Riverside Shakespeare Company's version of Heartbreak in Verona. All performances free with the encouragement of bringing a blanket and picnic. (8775810).

Sunday in the Park with George (Booth): Not your conventional musical, Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring Georges Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (2396200).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (2396262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the 30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (9779020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (9446450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (2392200).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (2460246).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the reprise of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (9779370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (7575646).

WASHINGTON

Quilters (Terrace): Based on American pioneer women's descriptions of their work in making quilt blankets, Molly Newman and Barbara Damashek's musical arrives in Washington between its modest origins in Denver and its ambitions for New York in autumn. Ends Sept 16, Kennedy Center.

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (9302578).

Pack of Lies (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (4373686).

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (8362660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (4371592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (8368888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (8346184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic with Makarova lifting her heels behind her ears and finding a brilliant opposite number in Tim Flavin. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (4376834).

Exhibitions

ITALY

Venice: Amid continual justified complaints about the impossibly short and inconvenient opening hours of most Italian museums and art galleries, the Guggenheim Collection, from having been one of the least accessible, has become the most – and will now be open every day (except Tue) from 11 to 6pm (also Sat from 6 to 9pm free of charge). The Saturday evening opening is the result of an agreement between the Solomon Guggenheim foundation of New York and Montedison.

Venice: Palazzo Grassi: This year, the historical section of Venice's Biennale offers a huge and splendid collection of painting, sculpture, furniture and pottery dating from the Viennese Secession. This was the Viennese version of Art Nouveau, which began as a splinter-group formed by Gustav Klimt in 1897. The exhibition includes Klimt's enormous Beethoven frieze, and the poster advertising the secessionist group's first showing in 1898 – then considered scandalous, but which led to Whistler's nominating him a member of the Society of Painters, Sculptors and Engravers of London. Also works by Oskar Kokoschka, Egon Schiele, Hoffmann, Mackintosh and the Glasgow School. Ends Sept 9.

NEW YORK

Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection. No longer is it a boutique of the modern classics but more like a department store, with double its previous exhibition space and room for such examples of modern design as a whole helicopter.

Guggenheim Museum: 85 sculptures and works on paper from the permanent collection cover Degas to Calder, and include Arp, Brancusi, Giacometti, Modigliani, Moore and Miro. Ends Sept 9.

Whitney Museum: Thomas Eakins, Eastman Johnson and George Caleb Bingham are represented among the 85 works illustrating the theme, The Art of Music: American Paintings & Musical Instruments 1770-1910, with its portrayals of American life as well as antique instruments like minstrel bones and melodeon. Ends Sept 16.

TOKYO

China: Bronze objects and early printed books over 50 items produced between Yin Dynasty (14th-11th century BC) and Ming (1368-1644 AD) including important cultural properties, Okura Shukokan Museum, opposite Hotel Okura, ideally located for breathing space in business schedule. Ends Aug 26.

German Art and Culture, Mediaeval to Modern: 184 items in an imposing and well selected exhibition of art and artifacts (painting, wood sculpture, textiles, everyday objects) from the German National Museum in Nuremberg. Tokyo National Museum of Western Art, Ueno. Ends Aug 26.

New Stone Age Earthenware from Shibone collection: 300 items of pottery from the Jomon period (about 4000–250 BC). The important collection is mainly from excavations in Tama, Tokyo Suburbs. Tokyo National Museum. Ends Sept 16.

Historic Chinese Ceramics (from the Shanghai Museum of Art). The Seibu Museum has 90 important ceramic pieces from the Neolithic Age (4100-2500 BC) through succeeding dynasties to Qing (1736-1895 AD). The former is represented by an elegant and refined openwork stem cup in black and covered jar with incised pattern; the latter by the more familiar Ming blue and white. There is an exquisite Qing vase with closely painted motifs, an elegant white stem bowl with fruit design and a wonderful cross-section of Chinese ceramic masterpieces, the yield of recent excavations. Seibu Department Store, Ikebukuro. Ends Sept 5.

LONDON

The Tate Gallery: The Hard-Won Image – this summer's sequel to last year's New Art – is a personal survey by Richard Morphet, of the Tate, of British figurative painting and sculpture from the late 1950s to the present. It is a useful and even important show, for it makes the point almost in spite of itself that figurative art, far from being revived in recent years, never actually went away. The strength in depth of our figurative artists in this period is indeed gratifying. Bacon and Moore are the presiding masters, Hockney, Kitaj (honorary Englishman as it were), Andrews, Blake all predictably, and rightly included: Symons, Greenham, Collins, Weight, Harman and Lessore brought into deserved prominence; and the stars are Uglow, Freud, Auerbach, and Kossoff most of all. Ends September 9.

PARIS

Charles Schneider – an artist with glass and a magician with colours – began with Art Nouveau and its floral themes to become a pioneer of Art Deco with its geometrical design in his vases, goblets and lamps in rich hues. Louvre des Antiquaires, 2 Place Palais-Royal. 11am – 7pm, Closed Mon. Ends Sept 16.

Musée de l'Orangerie. The Jean Walter and Paul Guillaume collections are now permanently exhibited in the newly restored Orangerie museum – the pendant to the Jeu de Paume. The museum houses 144 works from Impressionism to the 1930 period, Renoir is richly represented with 24 of his paintings – among them the well-known Young Girls at the Piano, Cezanne with 14 paintings, Matisse with 11. The public will be delighted to be able to view again Douanier Rousseau's Wedding Party and The Cart, Picasso's Women Bathing and other favourites. Musée de l'Orangerie, Métro Concorde. 9.45am – 5.15pm, closed Tue (2650048).

Marmottan's Monets; For lovers of impressionism, the Musée Marmottan is a must. A charming town house set in greenery, it houses an important collection of paintings and drawings by Claude Monet and his friends, including the famous oil, Impression-Sunrise, which gave its name to the whole movement. Monet's love of London is represented by the Houses of Parliament. In the last 20 years of Monet's life his garden in Giverny became his great inspiration. In glowing colours and changing light he painted its Japanese bridge and weeping willows and, above all, time and again the unforgettable Nympheas – waterlilies on still green waters. Musée Marmottan, 2 Rue Louis-Boilly, 16th Arrondissement. Closed Mon. (2240702).

WEST GERMANY

Berlin, Brücke Museum, 9 Bussardsteig: "1984 – a year with Karl Schmidt-Rottluff" has 150 water colours from the expressionist painter's estate and works from other museums. Ends August 26.

Düsseldorf, Hetjens-Museum, 4 Schulstrasse: To commemorate its 75th anniversary the museum, specialising in china, ceramics and glass as forms of art, is showing 400 ceramic vessels, sculptures and objects from the last five years. Ends Sept 16.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: Paintings, sculptures and graphics from the last two years by 500 artists living in West Germany. Ends Sept 16.

Gladbach, Mönchengladbach-Museum, 3 Mönchestrasse: Roughly 100 architectural designs, graphics and photographic documents by Friedensreich Hundertwasser, a contemporary artist. Ends Sept 23.

VIENNA

Drawings of Gustav Klimt: This exhibition shows an unusual aspect of Klimt. Instead of the more well known heavily gilded and decorated canvasses, here are pencil sketches and monochrome lithographs. They include illustrations from the journal of Vienna's Secession Movement in which Klimt broke new ground. Best of all are the nude and nearly portraits of women in a variety of moods: impressive but for the tensely clasped fingers or relaxed and sensual. A delicate profile of his sister and a portrait of his sweet-faced daughter strike a more homely note. All Klimt's subjects are treated with the respect and dignity they receive in his larger and more opulent works which many of the drawings here prefigure and which can be seen elsewhere in his native city. This exhibition is a marvellous accompaniment. At the Vienna City Historical Museum, Karlsplatz. Until 16 September.

INNSBRUCK

"The Tyrolean Nation 1790-1820": Prints and paintings illustrate the Tyrolean peoples' fight against Napoleon and their fruitless struggle for nationhood under their charismatic leader Andreas Hofer. At the Tyrol Provincial Museum, Innsbruck, until 14 October.

NETHERLANDS

The Kroller-Muller Museum, set in woodland at Otterlo, between Utrecht and Arnhem, offers a special opportunity this summer to see the museum's complete collection of 274 Vincent van Gogh works together for the first time. The museum also has fine paintings and sculpture by some of the most famous artists of the century, including Picasso and Braque.

Opera and Ballet

WEST GERMANY

Hamburg, Staatsoper: Ariadne auf Naxos is finely interpreted by Gabriele Schnaut, Edita Gruberova and Franz Ferdinand Nentwig. This week's highlight is La Bohème starring Mirella Freni and Neil Shicoff. Die Hochzeit des Figaro is a Götz Friedrich production featuring Franz Grundheber in the title role. Der Freischütz has Walter Raffeiner as Max. Tosca, produced by Jean Pierre Ponnelle, has Eva Marton outstanding in the title role and Franco Bonisolli as Cavaradossi.

Bayreuth: Die Meistersinger von Nürnberg, produced by Wolfgang Wagner with Bernd Weikl as Sachs and Hermann Prey as Beckmesser. Peter Hall's controversial production of the complete Ring is conducted by Peter Schneider. The case includes Jeannine Altmeyer, Siegmund Nimsgern, Hanna Schwarz, Matthias Hölle, Hildegard Behrens and Manfred Jung. The Flying Dutchman is a Harry Kupfer revival, conducted by Woldemar Nelsson, and has last year's acclaimed Simon Estes in the title role. There was much applause for James Levine's conducting of Parsifal with Peter Hofmann in the title role.

TOKYO

Crows Nest Modern Dance (Sogetsu Hall): One of America's most unusual dance companies in a blend of theatre and dance perform a miscellany as part of the Tokyo's American Dance Festival. (Tue, Wed, Thur). (4432521).

SALZBURG FESTIVAL

Bach's St Matthew Passion produced and choreographed by John Neumeier is performed by the Hamburg State Opera Ballet at the Cathedral Square (Large Festival Hall). (Tue).

Berio's Un Re in Ascolto conducted by Lorin Maazel with Karen Armstrong, Sylvia Greenberg, Thomas Moser, and the Vienna Philharmonic, at the Small Festival Hall. (Mon).

Magic Flute conducted by James Levine with Ileana Cotrubas, Ann Murray, Walter Berry, Peter Schreier, Martti Talvela, the Vienna Philharmonic and the Vienna State Opera Choir, at the Riding School Hall. (Tue).

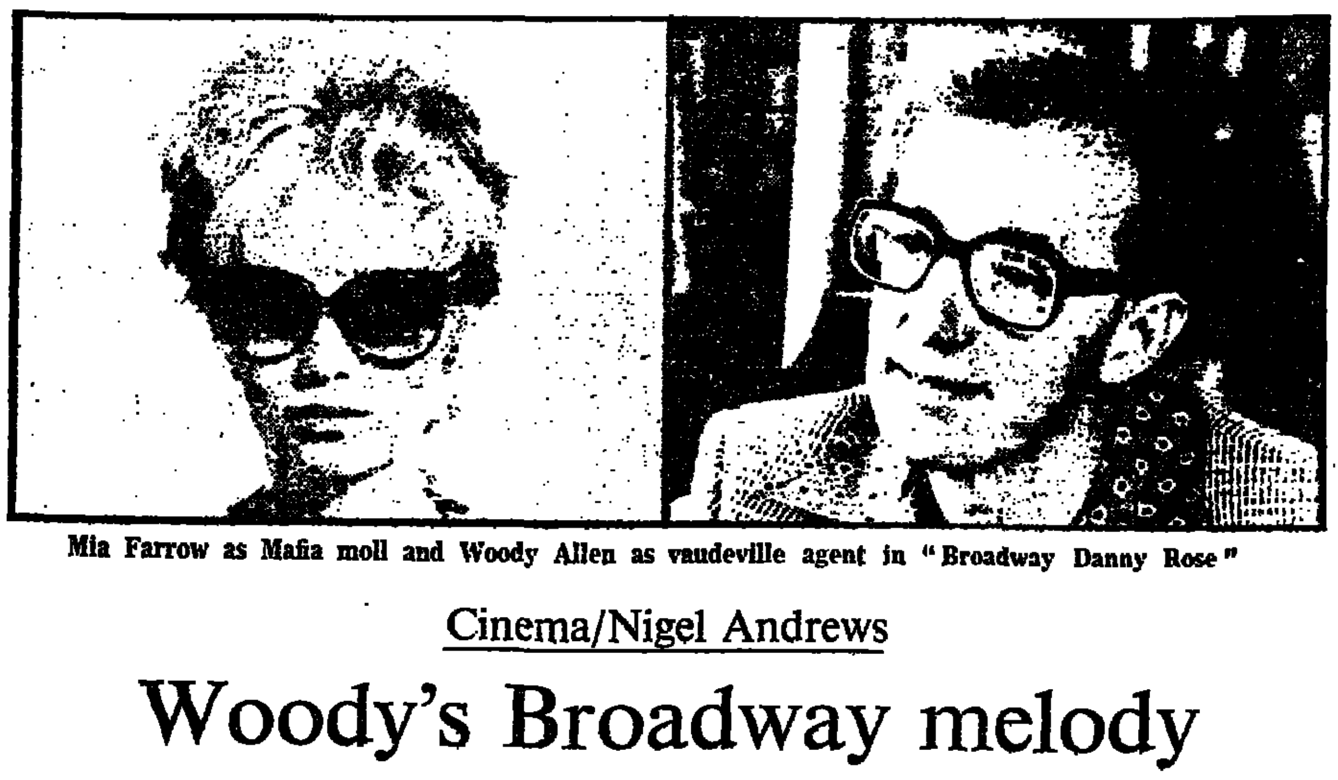
Macbeth conducted by Riccardo Chailly with Ghena Dimitrova, Piero Cappuccilli, Nicolai Ghiaurov, with the Vienna Philharmonic, the Vienna State Opera Choir and the Sofia National Opera Choir. (Thur).

LONDON

Royal Festival Hall: London Festival Ballet with some mixed bills. (9283191).

NEW YORK

Nureyev and Friends (Gershwin): This ten-day engagement has a programme including Apollo, The Flower Festival at Genzano and Songs of a Wayfarer danced by Nureyev and Eva Evdokimova, Jean Guizerix, Stephanie Saland, Marie-Christine Mouis and Evelyne DeSutter. Ends Aug 26 (9446300).



Mia Farrow as Mafia moll and Woody Allen as vaudeville agent in "Broadway Danny Rose"

Cinema/Nigel Andrews

Woody's Broadway melody

Broadway Danny Rose, directed by Woody Allen
Romancing the Stone, directed by Robert Zemeckis
Blame it on Rio, directed by Stanley Donen
Howard Hawks season

The Woody Allen clinic is now open.

Dr Allen, you recall, is the man who made us all hopeless addicts of his humour back in the Seventies and has since been nursing us through a withdrawal cure by feeding us smaller and smaller doses. Apart from a brief relapse in *Zelig,* where large supplies of laughter drug broke through the doctor's security ring, the cold turkey treatment has been triumphant. Films like *Manhattan, Stardust Memories* and *A Midsummer Night's Sex Comedy* allowed us to mainline on a small supply of one-liners, but not so as to disrupt the prescribed course of intravenous allegorising and Allen philosophy. Only in *Interiors* did the doctor overdo the strictness: using the now outlawed "Ingmar Bergman" withdrawal method, a brutal Scandinavian treatment involving injections of angst and Nordic back-lighting.

Now comes *Broadway Danny Rose,* Dr Allen's most advanced withdrawal-comedy yet. His triumph here is to make us think we're having a good time while we're not. The film's running length is tiny (85 minutes), its running gags even tinier.

Allen keeps us watching with a mixture of will-o-the-whisp comic whimsy and an interrupted-narrative technique worthy of Bunuel: as we flashback from the opening scene of a group of New York bar-flies reminiscing about one Danny Rose, bygone vaud'ville agent, to meet Danny Rose himself. He (Woody Allen) is our hero; a showbiz starmaker fallen on hard times who specialises in such desperate exotica as blind xylophone players, ladies who play glass tumblers and dancing penguins dressed as nuns.

We are no sooner giggling at these promising Allenisms than a main plot of sorts enters. This revolves around Mia Farrow, near-impenetrably disguised in stork heels, dark glasses and blonde bouffant hair, whom Allen is trying to woo back into the arms of his only successful client, heavyweight crooner Lou Canova (Nick Apollo Forte). Canova can't fulfil his singing engagements without the inspiration of his mistress Mia, the lately widowed wife of a Mafioso. On Allen's efforts to extract her from her Mafia in-laws and restore her to the crooner (while falling in love with her himself, of course) hangs more or less the whole film.

There's a long and likeable chase sequence across the New Jersey countryside, a few backstage vignettes of Allen at work (geeing up his clients), several cuts back to the reminiscing bar-flies, a couple of party scenes, and that's about it.

The tone of *Broadway Danny Rose* is peculiar. Peculiar in its frustrations. The film is sweet-natured, whimsical, smile-raising, picaresque and has Allen centre-screen almost throughout. But the laughter muscles wait in vain for exercise, and so does any other more assertive response. The movie is a *Runyonesque squib of a tale* teased out to feature length. The loser-nitwit protagonist who became a walking comic masterpiece in *Zelig* here remains a loser-nitwit: and the film is full of infuriating moments of comic near-takeoff which never quite take off.

There are Allen's usual vintage barbs about relations (his Aunt Rose who looked like "something you'd buy in a live bait store," his Uncle Morris "the famous diabetic from Brooklyn"); there is a fetching line in scatterbrained *femme fatalerie* from Miss Farrow; and there is a funny shoot-out in a helium factory where the shouts and threats spiral into falsetto as the gas leaks spread. But elsewhere plot and script remains at once meandering and pencil-thin: a sketch not a painting, a curtain-raiser without the play. The next Allen film, we're told, won't star Allen at all, which I suppose is the logical next step in his comic self-effacement.

*

Romancing The Stone belongs to the one-damn-thing-after-another school of film-making. Deep in jungliest Colombia blonde New York bombshell Kathleen Turner, who writes love and adventure novels and is looking for both items in her own life, meets expatriate soldier of fortune Michael Doguglas and the two of them venture through steaming rain forests and steamier highs of hokum to find the Stone.

"What stone?" I hear you cry. Why, of course, the priceless stone marked on the buried treasure map Miss Turner has brought with her from New York and which was sent her by her sister's husband before he was murdered by the two evil gentlemen who breed man-eating crocodiles and who are trying to outmanouvre the Federale who has followed Miss T to Colombia after knifing her janitor. All clear so far?

This kissing cousin to *Raiders of the Lost Ark* has been raiding the box office in America and is as sturdy a piece of escapism as the silly season now boasts. Less concussive and far more congenial than *Indiana Jones,* it allows the audience both to breathe between set pieces and to warm to the main characters: Miss Turner, a snub-nose siren of swish contralto sexiness (of *Body Heat*), and Mr Douglas who has clearly taken growl and teeth-clench lessons from father Kirk.

In addition there is a well-timbered line in gallows dialogue ("Have they found your sister's husband yet?" "Just the one piece") and splendid photography by Dean Cundy. The film won't exercise your IQ, but if you need to take the children somewhere before term begins here in an adventure playground in glorious Panavision.

*

"It's hard to think a year has gone by," says Michael Caine at the end of *Blame It On Rio.* I wish I could agree with him. By my mental watch it seemed longer, about 13 months without remission for good behaviour. Caine and Joseph Bologna play the two best friends who fly off for a holiday to Rio in this *soi-disant* comedy, *sans* wives but *avec* daughters (one each), and enjoy the comforts of a lush rented villa wher palms riot, parrots troll the parterre, every prospect pleases and only the maid is vile. (She is glum, Brazilian and silent). Soon, however, there is more than one serpent *in Eden. For Mr Caine tumbles* into a more than avuncular relationship with Mr B's daughter and Mr B proves to be the long-time secret lover of Mr C's wife.

Will comedy or tragedy heart-ache or rib-tickle triumph? Alas, neither. More rigor mortis, as Stanley Donen directs Charlie Peters's and Larry Gelbart's sparse-laughed script in a series of stilted stand-up cross-talk tableaux that might have been imported straight from a stage

Michael Douglas and Kathleen Turner in "Romancing the Stone": sturdy escapism

Far better to enjoy the work of a real born-to-it farceur Howard Hawks. Hawks was Hollywood's Mr Versatile who could crack out not only great comedies (*The Front Page, Bringing Up Baby*) but great Westerns (*Rio Bravo*), and great thrillers and melodramas. Savour a season of his films at the Hampstead Everyman, including a rarely seen example of the last category, *The Criminal Code.* In a revamped print, this 1931 prison drama shows Hawks at his early best: spitfire dialogue, lean and luminous lighting (by James Wong Howe) and up-and-at-em performances (Walter Huston, Philips Holmes).

There is also the immortal moment when an actor later famed for more sinister roles wheels in a refreshment trolley to serve the Warden's mother and intones the inimitably sepulchral line, "*Tea,* madam . . .?" He is, of course, Boris Karloff, only one film away from *Frankenstein.*

New York Philharmonic/Asian Tour

Frank Lipsius

When the New York Philharmonic's music director, Zubin Mehta, goes home to Bombay for a visit in September, he will have a surprise for his family – 106 of his colleagues and 22,450 pounds of luggage, none of it presents. The New York Philharmonic's Asian tour will culminate in the Bombay visit in mid-September, after taking in a dozen other cities in eight countries during the month-long trip.

Albert K. Webster, the orchestra's managing director, said, "This tour will be one of the most adventurous we have ever undertaken. It marks the Philharmonic's first visit to nine cities and the first visit by a major American orchestra to Kuala Lumpur, Jakarta, Singapore, Delhi and Calcutta."

[The orchestra subsequently cancelled its Kuala Lumpur concerts after the Malaysian Government requested that it delete a work from its scheduled programme – Ernest Bloch's *Schelomo, a Hebrew Rhapsody for Cello and Orchestra* – because of the score's Jewish theme and origins.]

For Mr Mehta, the trip has special significance because of the rareness of his visits and the even rarer opportunity to perform before those whom he still considers his countrymen. He is, he says, an Indian "culturally and spiritually."

His father, Mehli Mehta, co-founded the Bombay Orchestra and helped introduce Western music to India, but he too is now in America, as music director of the American Youth Orchestra in Los Angeles. Zubin Mehta conducted the Los Angeles Philharmonic in Bombay on a visit in 1967, but having left home at the age of 18 to study in Vienna, he feels, "Other colleagues play so much in their own countries. But I'm still a foreigner there."

Zubin Mehta, music director of the New York Philharmonic

The Asian tour, which starts in Osaka, Nagoya and Tokyo in mid-August, will have three alternating programmes, the third of which is an American repertory of Dvorak, Bernstein, Copland and Gershwin. The first will have Wagner and Beethoven, with Indian pianist Gavin Martin, while the second consists of Bach and Mahler, with solos by the orchestra's concertmasters, Glenn Dicterow and Charles Rex.

As Music Director for Life of the Israel Philharmonic along with his duties in New York, Mehta is used to travelling, even if not in such a large group. He also conducts the Berlin Philharmonic, l'Orchestre de Paris and the Vienna Philharmonic, while maintaining ties with his previous orchestras, the Montreal Symphony and the Los Angeles Philharmonic. With many of his ambitions associated with conducting opera, he works regularly at Covent Garden, the Vienna Staatsoper and the Theatro Communale in Florence.

Averaging 20 weeks a year with the New York Philharmonic, he has previously taken them to South America, Mexico and Europe. Under a five-year agreement with Citibank, the bank underwrites a third of all the orchestra's foreign tours, which, along with more than two dozen recordings the New York Philharmonic has done with Mehta, make the group one of the best known American orchestras in the world.

At the beginning of last season, Mehta's contract in New York was renewed to the 1989-90 season, by which time he will be the longest tenured director in the orchestra's history. He has come a long way from the time in 1967 when he was first mooted as a possible successor to Leonard Bernstein as the New York Philharmonic's music director. Professing no interest, he compared his Los Angeles Philharmonic with New York's by saying, "My orchestra is better than the New York Philharmonic. We play better than they do. Artistically, it would not be a step up for me."

Needless to say, he was not offered the job then and stopped being asked to conduct even as a guest artist, especially after he commented in the same interview that the New York Philharmonic "steps over conductors… A lot of us think, 'Why not send our worst enemy to the New York Philharmonic and finish him off once and for all?'"

He has since endeared himself to the orchestra as well as New York, which sends Mehta back to perform in India with all his flamboyance and popularity as the calling card for the musician who got away.

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A complacent U.S. forecast

EVEN WHEN every allowance is made for election-quarter window-dressing, the latest U.S. Administration budget review suggests a complacency about the future which could have dangerous results. The forecasts themselves push the limits of plausibility; not even the markets, so recently euphoric, seem inclined now to believe that sustained growth and a sustained deficit are a likely background for falling interest rates. What is potentially more disturbing is the tone. It is not reassuring, even if it is credible, to learn that the Federal deficit is officially projected to fall to "only" 1.8 per cent of national income in what would be the seventh year of a record-breaking boom. The Administration may be talking itself into a belief that it can go on borrowing for ever.

The first point which needs to be stressed is that even the apparent "optimism" of the forecast, with a deficit falling gently from $170bn this year to $140bn in 1989 is an illusion. It is the result purely of the fact that the Administration is more optimistic both about growth and about interest rates than other forecasters. The Congressional Budget Office, on rather less hopeful assumptions, sees the deficit rising again toward $270bn. Yet both are agreed that revenues will benefit very little from growth, and that the underlying "structural" deficit is rising, not falling. What this means is that any setback in growth will send the deficit soaring to awesome new records.

Hopes

The risks of a setback are obviously increased by persistent high interest rates. This week's tremors over the affairs of the Financial Corporation of America, the biggest of the savings and loan institutions, and over credit to Argentina and Zimbabwe, are just the latest reminders.

The Administration's hopes of a substantial fall in interest rates are therefore central both to its growth forecasts and its deficit forecasts; but the interest rate forecast itself seems to be based on little besides hope, and the Administration's often-proclaimed belief that whatever else determines interest rates, the Federal deficit has nothing to do with it. We must explain why we disagree.

A rising structural deficit is simply a fiscal balance which will not fall enough in a period of growth to accommodate rising private sector credit demand, and will rise to new peaks in any subsequent recession. It implies, therefore, a rising underlying demand for credit. This can only be met either from rising domestic savings—the original hope of American supply-siders—or from external sources. The huge U.S. current account deficit at the moment measures the flow of foreign capital required to balance the books.

The fact that these flows have been willingly forthcoming has enabled the Administration to persist with a high-borrowing strategy far more successfully than many critics assumed—thanks largely to the tight fiscal policies and strong current accounts of other developed countries; but there has been a price to pay. In spite of the strength of the dollar, which has left most foreign investors with large exchange profits, it has require a steadily rising differential between U.S. interest rates and those elsewhere to attract additional funds. The British Government had a similar experience when it was trying to persuade domestic investors to hold an ever-higher proportion of their portfolios in fixed interest stocks.

These trends cannot be sustained indefinitely. First, the dollar's current over-valuation is vulnerable. The rising invisible deficit, as the U.S. becomes a net international debtor will tend to undermine it; and foreign investors will then require additional incentives to hold U.S. assets. Secondly, any further rise in interest rates will create acute dangers for the international and U.S. domestic credit system. If a major crisis is to be avoided, with the dollar in a downward spiral, action is needed sooner rather than later first to stabilise the structural deficit, and later to reduce it. The "Balanced-Budget" Reagan has always believed this; we hope the campaigning Reagan does not forget it.

Odd merger in the Maghreb

IT IS understandable that the world should react with a degree of bemusement to the projected union between the Kingdom of Morocco and the Libyan Jamahiriya. King Hassan's staunchest ally in the West is President Regan, while Colonel Muammer Gadaffi figures prominently in the U.S. demonology.

Everything would appear to make the two leaders incompatible. King Hassan has acted as go-between for Israel and the Arabs for more than a decade: only last May he hosted a major congress of Jews in Rbat at which 11 Israeli members of parliament were present. In 1978 Moroccan troops participated in western military operation which came to President Mobutu's aid in taming Zaire's rebellious Shaba province. Today, the U.S. is building the largest radio transmitter in the free world, outside the U.S., south of Tangier.

Colonel Gadaffi was, until last year, one of King Hassan's bitterest foes. He openly supported the two ttempts by the Moroccan military to overthrow their monarch in 1971 and 1972 and he has kept up a constant barrage of abuse against a monarch whose claimed descent from the prophet Mohammed he scorns and whose luxuriant lifestyle he abhors.

However, the two heads of state with little in common other than intolerance of opposition have over the past year arranged a trade-off on matters of foreign and defence policy crucial to each country. At the height of the Chad crisis last summer King Hassan threatened to send Moroccan troops to stop the Libyan-backed invasion of that central African country. This threat made Col Gadaffi reconsider the support he had lent to the Polisario Front, the liberation movement which has been fighting for the independence of the Western Sahara—the former Spanish colony overrum by Moroccan troops in 1975.

Advantages

Since then the two men have felt inclined to develop a modus vivendi. Col Gadaffi has already failed in attempts at union with four other Arab countries, Egypt (twice), Sudan (twice), Tunisia and Syria. But his obsession with the quest for Arab unity, his now prompted him to turn to the least likely partner in the Arab world. This latest twist is helped by a marked deterioration in relations between Libya and Algeria.

For King Hassan the advantages are slightly clearer. A temporary agreement with Libya implies a weakening of Libyan support for the Polisario Front, still a major concern as the Western Sahara war costs Morocco dear. It will also help thwart Algerian attempts to promote closer cooperation between the four Maghreb countries. There may be a further bonus in the form of Libyan aid, cheaper oil and weapons, all of which would be welcome in view of the Kingdom's crippling foreign debt.

Intractable

Hassan has always pursued an opportunist foreign policy but in this latest venture he has surely over-played his hand. His approchement with Libya has already cost him some of the support of moderate African states such as Tunisia and Senegal where his Western Saharan policy is concerned. France, which has provided much financial aid to the Kingdom, and the U.S., which has strongly supported Morocco on the Saharan issue, have indicated their unease at the closer links with Libya. At a time when Morocco is locked in a bitter argument with western commercial banks over the part of its foreign debt which falls due between September of last and December 1984, it seems most unwise to cock a snook at the U.S. by announcing union with one of Washington's arch enemies.

Whatever comes of this union, and the most likely outcome is nothing, it will do little to solve the most intractable problem in North Africa, the war over the future of the Western Sahara. The new union is clearly aimed at Algeria. But Algeria conducts is diplomacy more in the manner of a chess player, in that it has long term interests which are clearly defined and is thus unlikely to be much influenced by the alliance.

The Treaty of Non-Aggression and Economic Co-operation signed by Algeria and Tunisia in March 1983, later poined by Mauritania, holds out some prospects of slow and steady improvement in relations between neighbouring Arab countries. Arab history shows clearly that hastily agred unions are short lived affairs, however much they may serve the immediate interests of the parties concerned. The Moroccan-Libyan union will probably turn out to be a minor diversion—but one which will cost King Hassan support in the West at a time when he badly needs it.

UK NATIONALISED INDUSTRIES

What the figures fail to tell

By Robin Pauley

MOST OF Britain's nationalised industries have now presented their annual reports and one major common theme, peculiar to state corporations, stands out: the attempt to keep both the loss and the profit figures as low as possible.

The reasons for trying to dress up the losses are obvious; all of the deficits come out of the taxpayers' pockets. But more curious is the embarrassment caused by healthy profits, such as those recently announced by the electricity and gas industries. The reason is that very high profits in public utilities lead to immediate accusations that the consumer faces excessively high prices from industries which he, in effect, owns but cannot control.

A variety of accounting techniques, all applied differently by the various industries, allow figures to be moved up, down and around to help present the best picture. The decisive "tool" is the choice between historic cost and current cost accounting. Without exception, the big loss makers minimise their deficits by sticking to historic cost and the profit makers which are not facing imminent privatisation shade the size of their successes by using current cost. In one case—British Rail—a historic cost profit would be a loss if presented on a current cost basis.

State industries where privatisation is imminent—such as British Telecom and British Airways—tend to place their main emphasis on historic costs (though both BT and BA give some current cost figures). A good profits profile will help in marketing the issue. Nothing can be done, however, to disguise the debt burdens facing these two corporations (although the Government is doing its best to minimise the difficulties before flotation). BT has around £3.4bn of debt and BA has the relatively more serious problem of £900m hanging around its neck like an undepreciated Concorde.

Nationalised industry accounts are not comparable with those of the private sector, even when the current costs system is used, because, except in the cases of companies close to privatisation, no gearing adjustment is made—that is one which recognises the gain which falls to shareholders as a result of borrowing during a period of inflation. A note about the gearing adjustment effect is buried away in each set of accounts.

To give a more representative picture, our table shows a current cost profit/loss figure with gearing adjustment for each industry.

It is not just the accounts of the nationalised industries which sometimes present a confusing picture. So too do the measures which the Government uses as its supposed instruments of control for these industries, namely financing limits and financial targets. These are applied so haphazardly as to provide virtually no control at all, an issue about which Sir Gordon Downey, the Comptroller and Auditor General, is starting to take an increasingly stern line.

In a recent report to Parliament about the monitoring and control of nationalised industries, dealing particularly with three sponsoring departments (energy, trade and industry, and transport) Sir Gordon made reference to "defects in the planning arrangements of two of the industries; delays in the supply of information needed by the Departments to monitor the progress of the industries; failure to achieve financial and performance targets; delay in establishing that the system of investment appraisal was achieving its objectives; failure to agree performance aims for two of the industries; and the possibility that external financing limits had not been fully effective in imposing financial discipline on an annual basis."

The system of EFLs is supposed to limit the extent which a loss-making nationalised industry can make a net demand on the Public Sector Borrowing Requirement and to set a target for a profit-making industry's net contribution to the PSBR.

Sir Gordon says that changes in EFLs and the extent to which some are met simply through large savings in expected capital requirements, rather than performance improvement, raises the question of whether they are effective as a means of control—particularly over the performance expected of the industries on revenue account.

Since the Conservative Party took office in 1979 the list of nationalised industries has shrunk substantially through privatisation. British Telecom is the next one due for flotation, this autumn, with British Airways following early next year.

In addition, the airports and British Shipbuilders' warship yards are being prepared for sale. Parts of the Post Office, such as the Girobank, and of BR, such as catering, are under consideration for sale.

The Government would also like to sell as much as possible of the gas and electricity industries, but this would be complicated and would raise a political storm. So they seem certain to remain in the nationalised sector for the present. In the short term, at least, they should contribute profits to the Government's coffers, together with the Post Office, countering a major drain on public resources by steel, rail, coal and shipbuilding.

The Government's privatisation programme will provide substantial one-off contributions to the PSBR—perhaps £10bn in the next five years—but the rail and coal industries seem destined to make demands on funds for the foreseeable future.

Can any improvement be made in the presentation of the remaining nationalised industries' accounts and the controls applied to the corporations?

One problem in using the EEC's system has been highlighted by Mr Philip Jones, chairman of the Electricity Council, which is currently making major profits—around £1.8bn if they were put on a historic cost basis. However, Mr Jones estimates in his seven-year medium development plan that the electricity supply industry will make post-tax losses of £1.2b between now and 1991—yet he expects it to remain a net contributor to the PSBR through negative EFLs.

Part of the Electricity Council's trouble is the fact that the phasing out of 100 per cent capital allowances in the last Budget means that it will now face a large corporation tax bill, which will start causing it losses from 1985-86.

Current cost accounting will require depreciation of £1.5bn to £2bn to be recorded between now and 1989-90 for past capital projects. So a large surplus on cash flow will appear which Mr Jones expects the Government to scoop away through continuing negative EFLs.

This apparently remarkable reversal from large profit to large losses could happen to other industries unless changes are made to this system which effectively amounts to double taxation.

A possible solution to this problem—and the one attracting most official attention—would be to stop both the corporation tax and negative EFL "charges" and introduce one new Nationalised Industry Contribution (NIC) tax. While this would make the system more national, it would imply an admission from the Government that a negative EFL constitutes a tax.

A further benefit from abandoning negative EFLs for profit-earning industries would be to raise financial targets to the prominence originally intended for them as an instrument of control. EFLs have been revised and missed so often as to have become almost infinitely flexible and, therefore, poor instruments of control.

The setting of targets involves political judgments. One problem, for example, is the conflict which arises between aiming for economic energy pricing (through tariff increases) and keeping inflation as low as possible (energy prices being a major component of the retail price index).

British Gas has a target for a current cost average annual return of 4 per cent average net assets for the four years from 1983-84 to 1986-87. The first year produced a return of 5.3 per cent but the 4 per cent target is unlikely to be exceeded over the four years.

The 1978 White Paper on nationalised industries regarded these targets as the primary expression of the financial performance which the Government expected the industries to achieve. However, the targets do need to be realistic. In 1982-1983 the Government gave British Shipbuilders a target limiting its loss on trading to £10m; the result was a £117m loss. For 1983-84 the Government decided not to give any target—which is perhaps just as well since the loss rose to £161m. Neither approach seems sensible.

Performance indicators are a third way of measuring nationalised industries' performance. They are supposed to provide information on cost controls and improvements in efficiency. The difficulty here is that each industry is left to choose which indicators to use and publish. Those that do not reflect well on a corporation do not appear in the annual reports.

The Coal Board, whose dreadful 1983-84 results were made worse by industrial action (which will also ensure spectacularly bad results for 1984-85) gives performance indicators which show how well it was doing before labour problems set in. These do not include international comparisons which show, for example, the costs and productivity per tonne for UK coal when set against low-cost American, South African, Australian and East European production.

Overall, this year's nationalised industry accounts reinforce the argument that a more rational and consistent approach to their financial ararngements, and the reporting of them, is urgenly required.

In fairness, some private sector company accounts leave a lot to be desired—but in these cases the problem is essentially one between boards and shareholders who have votes and can sell their shares. The taxpayer has neither power *vis-a-vis* nationalised industries.

We shall never really know just how well or how badly our nationalised industries are performing until some common accounting structure and presentation of accounts can be found for them, coupled with more meaningful targets and controls.

HOW THE RESULTS COMPARE

		Turnover £m	* Disclosed profit £m	• CCA profit plus gearing adjustment £m	EFL proposed £m	EFL actual £m	Capital expenditure £m	Change in workforce %
Electricity Council	82-83	9,270	332	502	(148)	(153)	1,261	− 3.6
	83-84	9,562	457	588	(418)	(485)	1,361	− 3.3
BRITISH GAS	82-83	5,958	738	776	(87)	(230)	801	− 3.3
	83-84	6,422	755	762	(43)	(45)	1,096	− 4.0
British TELECOM	82-83	6,414	1,031	626	310	8	1,480	− 2.3
	83-84	6,876	990	704	(113)	(221)	1,454	− 2.0
British Airports	82-83	284	29	32	48	1.7	98	− 0.4
	83-84	316	46	50	33	18	132	− 1.8
British airways	82-83	2,497	73	38	(9)	(35)	173	−13.2
	83-84	2,514	185	156	(58)	(164)	250	− 1.9
Post Office	82-83	2,714	145	148	(56)	(60)	125	− 1.1
	83-84	2,844	127	128	(51)	(62)	123	− 0.6
BRITISH RAIL	1982	2,817	(175)	(238)	923	848	168	− 5.3
	1983	3,189	11	(50)	953	811	151	− 4.0
BRITISH STEEL	82-83	3,231	(866)	(879)	575	569	122	−21.8
	83-84	3,358	(256)	(286)	321	318	164	−12.3
NCB NATIONAL COAL BOARD	82-83	4,948	(492)	(597)	962	951	826	− 4.8
	83-84	4,660	(877)	(979)	1,195	1,183	698	−11.7
BS BRITISH SHIPBUILDERS	82-83	1,093	(110)	(162)	122	120	43	− 3.1
	83-84	887	(159)	(342)	180	172	68	−22.0

* After interest, before tax and extraordinary items.

The life of O'Reilly

The Irish, as is well-known, like to keep a sharp eye on each other's affairs. Which is why the latest proxy document from the U.S. Heinz Corporation was closely read in Dublin even by those with no stake in the company.

President and chief executive of Heinz is Dr Tony O'Reilly, former international rugby star, chairman of Ireland's largest newspaper chain and of this summer's favourite of the oil share punters, Atlantic Resources.

In the best American tradition,t he Heinz document details O'Reilly's salary and other emoluments, and they are enough ot make the average Irish executive positively green.

His salary came to $1.3m, which was topped up with dividend income, director's fees and sundries of more than $500,000. Irish newspapers calculated that, when his Irish interests are included, O'Reilly earned more than I£2m last year.

Such publicity is unlikely to wory the urbane O'Reilly. He was in the news again this week, representing Heinz a sponsor of the major race at Phoenix Park, and having his name inscribed among the benefactors of the Yeats Memorial Building, where 150 international academics are holding their annual school on the works of the great Irish poet.

O'Reilly's "Ireland Fund"—which he sees as a counterbalance to the fund-raising activities of Noraid—gave I£2,000 to the school.

Still rising

Greg Dyke, former editor in chief of TV-am may not have to get up so early these days—but his professional rise continues.

Yesterday, the 37-year-old Dyke, who is noted for his casual dress—usually jeans and open-necked shirts—donned a suit to be announced as the new director of programmes at Television South. He left TV-am in May.

TVS runs a dual franchise in Southampton and Maidstone and looks set to start eating into the share of advertising enjoyed by the ITV barons of London.

Dyke wil probably have to get along with a salary somewhere over £40,000 compared with the halycon days at TV-am when he added a £20,000 to his £40,000 basic by taking audiences over the 1m mark.

But, as he said yesterday, "it will be nice working for a company which makes a profit."

Great efforts were made to keep Dyke's plans a secret. He had a meeting with TVS Managing Director James Gatward on his boat in the Hamble. Unfortunately he dropped his wallet at Southampton station. It was handed in to the police and investigations led them to call TV-am.

The TVS staff found out about his imminent arrival when Dyke, looking for a house in the Southampton area answered an advertisement in a Sunday newspaper only to be greeted by "so you are coming." He had tried to buy the house from a TVS staff member.

Men and Matters

"I'm all for a Docklands Airport as long as they don't insist that it's a docker's job to fly the planes"

Stone's throw

John Stone, who surprised the Australian Government by resigning as Treasury chief just before the annual Budget, is one of Canberra's most colourful characters. Unlike most senior mandarins, 54-year-old Stone enjoys the company of journalists and, though often critical of what they write, regularly turn up at the National Press Club for a Friday night drink with them.

Back in the mid-1960s, when Stone was assistant secretary at the Treasury, he took on two reporters who challenged him to a 25-mile race along lonely roads to Lake George and back. Stone raced in full suit and tie—and still won.

Not long afterwards, Stone was despatched to Washington as executive director at the World Bank for Australia, New Zealand and South Africa. He ruffled some featers there by setting a precedent, refusing to sign Bank decisions until he had read them fully and digested them.

Glass-eyed

For the first time, that peculiar British habit of opening office windows has come under the scrutiny of scientific re searchers.

Startling evidence has been produced to show that there are two distinct types of window opening—"small" and "much larger." But the main conclusion reached it that window opening is "very dependent on the weather."

All this, apparently, has a significant effect on how much energy office buildings use—an important enough factor at today's prices to occupy the time of the Government's Building Research Establishment in a study of its own buildings at Garston, near Watford.

The first "distinct mode" of opening (i.e. small) was for fresh-air seekers, the study found, and persisted through all weathers. But as the sun came out over Garston, the windows opened wider — which was annoying, as the test was carried out between February and May when the expensive central heating was still on.

Britain's office workers, it concludes, may be opening their windows more than heating designers expected. And the researchers are now getting their heads together on more detailed studies to see how they can accomodate such habits.

Sweet memory

Any Star Trek-style archaeologist digging around Pontefract in Yorkshire a couple of millennia from now is likely to come up with a cockeyed view of our lifestyle.

The Wilkinson sweet company marked its centenary yesterday by burying a time-capsule in its factory garden where, 20 years after the county's last commercial liquorice crop, Yorkshire's few remaining liquorice plants still grow.

The capsule contains a solid slug of liquorice extract, together with some illustrated but empty packs of Pontefract Cakes and Mint Imperials, a company financial report, and the economic thoughts of chairman Bev Stokes.

But a future discoverer may be even more intrigued by the details of Wilkinson's jobs and wage rates also thoughtfully included in the package.

What theories will be propounded about the £85.05p a week "mushroom stalker, grade B" (who inserts cream fondant stalks into coconut mushroom heads) or the "pipe dipper, grade A" (who gets almost £2 less for dipping liquorice pipes into hundreds and thousands)?

Observer

BASE LENDING RATES

A.B.N. Bank	11 %	Heritable & Gen. Trust	11 %
Allied Irish Bank	11 %	■ Hill Samuel	§11 %
Amro Bank	11 %	C. Hoare & Co.	†11 %
Henry Ansbacher	11 %	Hongkong & Shanghai	11 %
Armco Trust Limited	12½%	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	11½%
Banco de Bilbao	11 %	Lloyds Bank	11 %
Bank Hapoalim	11 %	Mallinhall Limited	11 %
BCCI	11 %	Edward Manson & Co.	13 %
Bank of Ireland	11 %	Mekhraj and Sons Ltd.	11 %
Bank of Cyprus	11 %	Midland Bank	11 %
Bank of India	11 %	■ Morgan Grenfell	11 %
Bank of Scotland	11 %	National Bk of Kuwait	11 %
Banque Belge Ltd.	11 %	National Girobank	11 %
Barclays Bank	11 %	National Westminster	11 %
Beneficial Trust Ltd.	12 %	Norwich Gen. Tst.	11 %
Brit. Bank of Mid. East	11 %	People's Tst. & Sv. Ltd.	12 %
■ Brown Shipley	11 %	R. Raphael & Sons	11 %
CL Bank Nederland	11 %	P. S. Refson & Co.	11 %
Canada Permn't Trust	11 %	Roxburghe Guarantee	11½%
Cayzer Ltd.	11 %	Royal Trust Co. Canada	11 %
Cedar Holdings	12 %	■ J. Henry Schroder Wagg	11 %
■ Charterhouse Japhet	11 %	Standard Chartered	‖11 %
Choulartons	12½%	Trade Dev. Bank	11 %
Citibank NA	11 %	TCB	11 %
Citibank Savings	†12 %	Trustee Savings Bank	11 %
Clydesdale Bank	11 %	United Bank of Kuwait	11 %
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	11 %
Comm. Bk. N. East	11 %	Volkskas Limited	11 %
Consolidated Credits	12 %	Westpac Banking Corp.	11 %
Co-operative Bank	*11 %	Whiteaway Laidlaw	11½%
The Cyprus Popular Bk.	11 %	Williams & Glyn's	11 %
Dunbar & Co. Ltd.	11 %	Wintrust Secs. Ltd.	11 %
Duncan Lawrie	11 %	Yorkshire Bank	11 %
E. T. Trust	11½%		
Exeter Trust Ltd.	11½%		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	11 %		
Robert Fraser	11 %		
Grindlays Bank	‡11 %		
■ Guinness Mahon	11 %		
■ Hambros Bank	11 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%, 1-month 8.75%. Fixed rate 12 months £2,500 9.75% £10,000 12 months 10%.
† 7 day deposits on sums of under £10,000 8%, £10,000 up to £50,000 8½%, £50,000 and over 9%.
‡ Call deposits £1,000 and over 8%.
§ 21-day deposits over £1,000 9%.
‖ Demand deposits 8%.
¶ Mortgage base rate.

Financial Corporation of America

The problems making the markets nervous

By William Hall in New York

"I KNOW what you are thinking. How can this man and this company do something which has never been done before in financial history?" asked Mr Charles Knapp, chairman of Financial Corporation of America (FCA), a few months ago.

With a wave of his hand at the view from his 15th floor executive suite atop Beverly Hills' Wilshire Boulevard, Mr Knapp pointed at California's suburbia, much of which is owned by FCA. "It is all out there. It is a manageable risk. The bulk of our portfolio is in loans secured on single family housing. We are not making loans to underdeveloped countries."

He was in a confident mood. His company had just reported record profits, had opened the first of a string of European offices and was gathering over $1bn a month in new deposits. FCA was already the biggest real estate lender in the U.S. and Mr Knapp had set his company the target of putting on $18bn of new home loans in the year. In the absence of any sales, this would have inflated a balance sheet, which had just doubled in size, by another two-thirds.

However, a combination of higher interest rates, official interference and more than a whiff of nervousness in the money markets, have dashed Mr Knapp's dreams, and alerted the world that all is not well with America's 3,500 savings and loan institutions, the rough equivalent of Britain's building societies.

FCA, which earlier this week restated its second quarter earnings to show a massive $107.5m loss and admitted that it had breached its official minimum liquidity requirements, is fighting a rearguard action to restore confidence in itself following a severe liquidity squeeze which began in July when investors started to withdraw funds.

U.S. regulators are also watching nervously to see whether FCA's problems will spill over and affect confidence in some of the weaker members of the $1 trillion (million million) U.S. savings bank fraternity.

Mr Knapp's mercurial career at the top of America's biggest thrift institution has been watched with amazement by the U.S. financial establishment and considerable trepidation by FCA's regulators, who have seemed near powerless to curb its explosive growth.

In terms of its $32.7bn of assets, FCA now ranks on a par with Continental Illinois, which had to be bailed out by the U.S. bank regulators in the spring following a run on its deposits. The fear is that FCA could suffer a similar fate and that this might in turn sap confidence in other U.S. thrift institutions, many of which are in a relatively weak financial position, and like FCA have relied heavily on money market funds.

In some ways, FCA's problems are potentially more awesome for the regulators of the U.S. savings and loan industry. Whereas Continental Illinois was twice the size of the Federal Deposit Insurance Corporation (FDIC), FCA's

Mr Charles Knapp

assets dwarf the resources of the Federal Savings and Loan Insurance Corporation (FSLIC) by a factor of six.

The FDIC says that it has 721 banks on its current problem list but the Federal Home Loan Bank Board does not publicise how many of its flock are in trouble.

Coming so soon after the Continental Illinois rescue, the problems of FCA and the thrift industry generally, only serve to heighten the debate about the role of the U.S. bank regulatory agencies in an increasingly competitive U.S. financial system.

If it came to the crunch, it is far from clear that the U.S. Government would be prepared to step in and guarantee all the deposits of a major U.S. financial institution, for the second time in less than six months. On the other hand the risks of allowing a major U.S. savings and loans to collapse are very high.

This is not the first time the FCA has had to restate its earnings as result of a clash with the Securities and Exchange Commission (SEC) over its accounting policies, and the Federal Home Loan Bank Board (FHLB) has been trying for some time, with little success, to get FCA to agree to slow its heady growth rates which have catapulted it into its present position as one of the top dozen financial institutions in the country.

FCA has argued vehemently that its recent difficulties in raising deposits are the result of adverse media coverage of its affairs and there is probably an element of truth in this argument. However, the money markets are in a nervous mood and have become increasingly suspicious of Mr Knapp's maverick style of management.

Not only has FCA taken a massive gamble on a fall in U.S. interest rates allowing it to sell off its fixed rate loans at a profit, it has financed its growth with a fairly heavy dependence on volatile money market funds. As if the company's risk profile was not high enough, earlier this year it spent $300m, equivalent to a third of its net worth, on buying a 4.9 per cent stake in American Express, and has also helped finance Saul Steinberg's sorties into Walt Disney.

In terms of high risk financial institutions FCA is in a category all of its own. Mr Jonathan Gray, of brokers Sanford Bernstein, estimates that a change in interest rates affects the cost of 84 per cent of its deposits while altering the earnings on only 30 per cent of its assets. This gives it an interest rate mismatch equivalent to 54 per cent of its assets, roughly double the industry norm.

Its capital ratio of 2.92 per cent is well below its official minimum target of 4 per cent for the end of 1984, and analysts say that the group's problem loans are well above average. Mr Gray has calculated that of all the loans FCA made in 1980, 19 per cent had run into problems by September 1983. For 1981, some 14 per cent were in trouble by September 1983.

While Continental Illinois and FCA are roughly the same size in terms of assets and both have suffered from a nervous reaction in the world's money markets to adverse publicity, their problems are different.

Continental Illinois' problems stemmed from its over ambitious growth in U.S. energy lending and a large international loan portfolio, the value of which is uncertain. It found it difficult to liquidate its assets at short notice and was relying on overnight funding for the bulk of its deposits on the eve of the crisis.

By contrast, the bulk of FCA's assets are in government securities, liquid assets and home mortgages. The former can be liquidated to repay nervous depositors without too much difficulty, and while there may be some doubt about the collectability of some of the loans, it is easier to estimate the underlying value of a delinquent Californian home loan than is the case with many of Continental's problem loans.

In addition, FCA is far less reliant on overnight funding than Continental Illinois. About $15bn of its $25bn of deposits comes from large and medium size institutional depositors and falls due before the end of September. The immediate liquidity problems can be contained by borrowing from the Federal Home Loan Bank of San Francisco. But what remains uncertain, is whether the big depositors will renew their deposits when they fall due.

This is not only important for FCA but also for many other U.S. savings and loans which have become increasingly reliant on the money markets for funds.

The financial performance of the majority of U.S. thrifts in recent years does not stand up well to close scrutiny and the struggle to earn profits in an era of volatile interest rates has spawned a more entrepreneurial breed of savings and loan executive, of which Mr Knapp is one of the most extreme examples.

Mr Edwin Gray, chairman of the FHLB, whose job is to police the thrift business, has likened some of the new executives who have been attracted into the industry to daring crop duster pilots. The old style managers of U.S. savings and loans he says are more akin to conservative gardeners.

"If you were running a group insurance plan, how would you feel about charging the skilled crop duster pilot the same premium as the man who makes his living as a gardener?" asks Mr Gray.

Recent Press advertisements announcing FCA's European expansion.

Long-term Forecasting

The future that Britain never had

By Michael Prowse

WHAT WILL the British economy look like in the year 2004? For most of us this is a matter for idle, if enjoyable, speculation. But for some large companies, whose investment programmes stretch into the 21st century the question is of consuming interest.

If past performance is any guide, however, the prospect that today's futurologists will get it right is virtually nil. Indeed they may well get it spectacularly wrong. Take Mr Ronald Brech, head of Unilever's Economics and Statistics department, who in 1964 presented an "experiment in the economic history of the future" in his book "Britain 1984."

The problem even for serious and perceptive forecasters like Mr Brech two decades ago was to overcome what now seems absurd optimism: people believed then that economic management could only get better. Nobody reading Mr Brech's book soon after publication would have glanced twice at the following passage: "It has been assumed throughout that no government in power will permit unemployment to rise above 500,000 (2 per cent of the labour force) for any length of time—that expansion will only temporarily be sacrificed for price stability."

The author seemed to regard such a commitment as somewhat unwise, although he never appeared to doubt it could be met. The price of keeping unemployment below 2 per cent would be "little hope of preventing wage increases from exceeding the rise in productivity." So the Unilever researchers accepted that some indeed—"an average rise in retail prices of 1 to 2 per cent per annum."

Such a forecast displays a confidence in economic management which has since vanished—but which might return by 2004. *Britain 1984* illustrates how ideas, and even the language of economic debate, can shift over 20 years. There is no mention of the money supply: long-term upward pressure on prices is explained entirely in terms of pay rates exceeding productivity. The lacuna is not as great as it sounds: in the early 1960s, inflation had been firmly controlled for about 15 years without anybody even calculating the money supply. It was only in 1963 that the Bank of England began to measure and publish quarterly monetary statistics.

If *Britain 1984* is any guide, though there was a better understanding of the limitation of pure economics in the early 1960s than today. Space is devoted, for example, to the importance of psychological factors in the microeconomic sphere and to political and sociological factors in the macro arena. It is taken for granted that a century-long trend toward greater concentration in industry would continue (as it has), and would not necessarily be a disaster.

Even in 1964 most industries were oligopolistic so that a narrow concern with the economics of Adam Smith then seemed beside the point. In no sense does Mr Brech's book suggest that Britain's economy in 1984 would be forged by market forces as many today hope will be the case in 2004. In another 20 years will the planners of the 1960s be back in vogue?

In 20 years' time, will the planners of the 1960s be back in vogue?

One mistake futurologists make frequently is to overestimate the rate of technological change. Thus, contrary to Mr Brech's suppositions, vertical take-off passenger airlines do not now cross the Atlantic at mach 3 or 5 in 1½ hours and, despite the efforts of Sir Clive Sinclair, the fuel cell has not yet rendered the petrol engine obsolete. Living rooms are not yet lit by "electro-luminescent panels on ceilings giving different patterns at will."

Yet in other ways 1984 is more of a science fiction fantasy than was conceived in 1964. The study's biggest understatement is the suggestion that "by 1984 the electronic computer will have come into its own." The forecasters failed completely, if understandably, to anticipate the microchip revolution. This is ominous: will 2004 have a surprise to match the microchip?

Another error in long-term forecasting is to assume that logical or desirable developments will occur simply because they are logical or desirable. Indeed, it is partly because what was logical and desirable did not happen that Britain today is not the near-Nirvana predicted in 1964. The Unilever researchers thought that an average annual increase in productivity of 2½ to 2¾ per cent was achievable: together with a 17 per cent rise in the labour force this was expected to double real GDP and living standards by 1984. In the event, owing to economic stagnation since the 1970s, living standards have risen by not much more than a third. But then this sort of productivity performance was partly predicted on "an increase in the professionalism of the workforce" and a decline in trade union power.

"A basic feature of future trade union development will be the break-up of the big unions into a series of small ones." *Britain 1984* also predicted the increasing substitution of plant or regional wage claims and awards for national negotiation. This was seen as a natural consequence of a shift in employment from manufacturing to services (note this was being hailed as an important trend 20 years ago) and the loss of blue-collar jobs. But the trade union movement has not experienced the erosion of power forecast by Mr Brech. In 1964 he would doubtless have been deeply shocked could he have foreseen this year's bitter miners' strike.

Overall, the message of the research at Unilever is not wholly dispiriting for budding futurologists. Mr Brech did get it right occasionally: he correctly foresaw the extent of the emancipation of the housewife—the huge increase in female participation in the labour market—and he guessed that, although the need for agricultural subsidies would have long ago disappeared by 1984, the "EEC might become emotional about farming and stimulate its output artificially."

In the end, of course, the study tells us more about 1964 than 1984: and in many respects the comparison is an unhappy one for us. Reading the book today gives one the uncanny feeling that 1984 must still be a long way in the future. Perhaps we will have got there by 2004.

Letters to the Editor

Let them take taxibuses

From Mr D. Peters

Sir,—Surely your correspondent (August 14) is wrong in thinking rural areas have only the choice between bus (with fixed points, fixed times) and taxi (flexible points, flexible times), even in his variation (taxi with flexible points, fixed times)?

Is not the answer the "taxibus" (fixed points, flexible times)? In its most sophisticated form there would be a VDU in every bus shelter, by means of which anyone could key in a request for a taxibus for a given journey and also receive full information on what transport had already been ordered.

The basic finance could be provided by subscription or season-ticket for frequent users, with much higher fares for the occasional user. There could also be an option by which somebody wanting a taxibus at a time or for a journey where he would be the sole customer could still have it for a taxi-type fare instead of a bus-type fare.

And there is no reason why every single user should not have a credit account and pay a transport bill just like a telephone bill. All it needs is one rural area to approach transport the way Hull has for so long approached telephones, and we would find that some problems are better solved by advancing than retreating.

Don Peters
*1099a, London Road,
Leigh-on-Sea, Essex.*

Tiny comfort to Fraser holders

From Mr C. Whitmey

Sir, — Your full coverage (August 10) of the House of Fraser/Lonrho report by Mr John Griffiths QC, gives tiny comfort to those House of Fraser shareholders who profess satisfaction with the current management.

The £1.16m shown in the 1984 accounts as "Costs of Harrods demerger proposals, EGMs, DoTI inquiry" does not seem to be the end of the costs we as shareholders shall have to indirectly bear in continuing to provide the city and the media with the long-running entertainment "The Two Rolands;" to adapt a phrase, "It's push-on from me and push-on from him."

Your report "At present, Lonrho's shareholding is represented on the Fraser board by Lord Duncan-Sandys and Mr Roland "Tiny" Rowland," might give the impression of two earnest, sharp-minded businessmen diligently attending board meetings exercising a proper standard of care as elected directors. The 1984 directors report shows each of them as attending one out of 12. Possibly just sufficient to avoid potential eviction? (Article 84(E); absent for more than 12 months). Would the long arm of equity consider such attendance a fulfilment or breach of duty?

It is true their alternate directors have regularly attended. Is this a proper use of alternate directors? At the AGM on September 28 their two alternates, Messrs Spicer and Robinson are standing for election. If elected what new contribution can they make apart from increasing the "demerge Harrods" vote? How will this benefit Fraser and the 12,687 (82.5 per cent) shareholders who voted last year against the Lonrho resolution to demerge Harrods compared with the 2,683 (17.5 per cent) who voted in support?

Last year leading counsel advised that any demerger would need a scheme of arrangement. A scheme under s.206 Companies Act 1948 needs the support of 50 per cent in number, not 17.5 per cent before the Court will even look at it!

There must be numerous other shareholders like myself, 500 shares, who are sick and tired of our fellow shareholders whose motto seems to be "Harrodi per harrassa."

Christopher J. Whitmey.
*Oldstone Furlong,
Fownhope, Hereford.*

Smarten up at the front, there

From Mr M. Lattimer

Sir,—Carla Rapoport in "The FT Top Ten" (August 13) reports that in Britain the panellists nearly drew a blank when seeking business people who can reasonably be described as well turned out. How can this be when Britain produces some of the world's finest clothing, including the best knitwear and worsted suiting and mohair cloth? The successful businessmen in Germany, Japan and the U.S. know this, but not our own.

No wonder! It is about time the FT had a fashion page wherein readers could learn to tell the difference between a Burton suit and one from Savile Row.

M. Lattimer.
*37, Norfolk Farm Road,
Pyrford, Woking, Surrey.*

Confusion surrounding recent events in the oil spot market

From the Director, Oxford Institute for Energy Studies

Sir,—Your leader on "Opec's other member" (August 13) adds to the confusion which surrounds recent oil events, and begs many an important question. I am afraid that your sense of outrage is also a bit misplaced.

Let us first agree on the facts. The spot price of North Sea Brent hit a bottom at $26.30 a barrel on July 21. It began to recover on August 2 and reached $28.50/60 a week later. Most Press commentators, however, failed to say that spot prices were falling throughout June, and that after a 10-day lull at the beginning of July (before the Opec meeting) they resumed their decline on July 12. Prices continued to drop until the end of the month.

It is most probably true that Sheikh Yamani had high-level meetings with British Ministers on July 30 or 31. The now-famous Buchanan-Smith letter was indeed sent the next day. But the link between these two events is essentially chronological. The letter was not the result of Yamani's visit but the culmination of three weeks of intensive contacts and talks between the Department of Energy and oil companies. The letter was probably requested by the oil companies anxious to have on file some document justifying their subsequent actions in support of the official price of oil.

The British Government seems to have decided some time in June or July that there is a British interest in holding the official price of oil at current official levels. The argument is familiar; a drop in the price of oil puts pressure on sterling and this leads to higher inflation and perhaps to higher interest rates. The adverse impact a drop in oil prices is immediate and conspicuous: the economic benefits are of an uncertain and long term nature.

It is absurd to suggest that in this episode the Government was trying to placate Opec or to buy long-term favours from moderate producers. And the real action involved the major oil companies rather than Opec. No company operating in the North Sea where the fiscal factor is of such paramount importance can afford lightly to ignore the strong wishes and views of HM Treasury. When the companies were persuaded that the Government attached great importance to the stability of the official oil price and when they saw that the decline in spot prices was posing a real threat to this objective they moved in and reversed the spot price trend.

It is not Sir Peter's statement that "The market has misread the Saudis" which reversed the trend. Not the Shell statement made on the following day. The market does not respond to statements but to action. Spot prices rose on August 2 and 3 because these and other major companies intervened either by refraining from selling spot crude or by buying oil on the spot market and from BNOC. There were also signs of intervention (by whom?) on these same days on the futures market in New York.

The Press blamed the oil price weakness of recent weeks to market fears about Saudi over-production and to the Saudi barter deal. There was no Saudi barter oil in June when spot prices were tumbling down: and no stories about Saudi over-production until July 29, that is 17 days after the July downturn and three days before the reversal of the price cycle. But it was convenient for the main North Sea players to distract attention away from the actual scene and propagate the myth that the market was concerned about alarming stories on Saudi output.

To be sure, barter deals tend to weaken the market and countries committed to oil price stability should not indulge in this form of trading. The worry is that the impact of the Saudi deal is yet to come, not that it caused the mini-crisis of last month.

You are right to say that a gently falling oil price is to be preferred to precipitous drop. But can somebody tell us please how does one steer oil prices on a gently falling slope? Can you suggest a credible policy? And if you can, please do. I am sure that the British Government will listen to you with great interest and find these suggestions more useful than your criticisms.

But you know that the stark choice facing all oil-exporting countries is between a clumsy administration of oil prices that holds them where they are, and a surrender to market forces which causes violent short-term price fluctuations. There is no gentle alternative in between.

Robert Mabro.
*29, New Inn Hall Street,
Oxford.*

FINANCIAL TIMES

Friday August 17 1984

John Elliot meets N.T. Rama Rao in Hyderabad after his sacking and arrest

Gandhi pulls a star rival from the stage

MRS INDIRA GANDHI, Indian Prime Minister, was last night accused by Mr N. T. Rama Rao, one of the country's most colourful and controversial regional politicians, of personally ordering his removal from power as Chief Minister of Andhra Pradesh State in order to improve her chances of winning the coming general election.

Within hours of his return on Wednesday from open heart surgery in the U.S., Mr Rama Rao's opponents within his own administration struck. Yesterday he was sacked.

Later he was arrested when he refused to leave the governor's residence after he and his fellow ministers squatted in the governor's office to protest against the sacking.

Mr Rama Rao, aged 62, is – like President Reagan – a former actor. He gave up his starring film roles depicting Hindu gods two years ago to enter politics. Yesterday after his release from police custody he returned to his Hyderabad film studio.

He looked pale and drawn – surrounded by screen mementoes, pictures of Hindu gods and a stuffed snarling tiger with a purple straw hat on its head – but when asked about Mrs Gandhi and her role in his fall from power, the weak invalid became an angry politician.

"Mrs Gandhi is responsible for all such decisions, when her party goes out to oust people from power," Mr Rama Rao said. "This is similar but much worse than what she has done in Karnataka and Kashmir. As I told the governor when I saw him this afternoon, I have 167 members of the state legislature who are still with me so I still have a majority, even if the Kashmir Government did not. This is Mrs Gandhi's tactic and it is only for the purpose of winning the general election."

Bitter fighting between India's central government and its states is not unusual, nor is a mushrooming of regional tensions and political unrest as parties battle for power in advance of general elections. But Mrs Gandhi is surprising even some of her own supporters with the crude and sometimes brutal way in which she is removing her opponents in advance of the general election she must hold by mid-January.

At present a handful of states are run by parties opposed to Mrs Gandhi's Congress I party. Her aim is either to strike deals with them on sharing the seats – as she hopes to do in Tamil Nadu where Sri Lanka is a potent issue – or to remove them from power as she now has done in Kashmir and Andhra Pradesh. She has also been trying for some months to topple the government in Karnataka and there is also a similar situation developing in the eastern state of Tripura.

The south of India is where Mrs Gandhi has lost most power to regional parties. Early last year Mr Rama Rao's regional Telegu Desam Party ousted the Congress I from power in Andhra Pradesh for the first time since India's independence in 1947.

Until a few months ago Mr Rama Rao looked fairly safe. He seemed to be treading a careful path in which he did not openly challenge Mrs Gandhi although he did play an increasing role in conclaves of opposition parties. He also organised a group of opposition leaders to stand against the Congress I in Andhra Pradesh, which probably angered Mrs Gandhi because it ruled out a joint carving-up of seats.

Recently Mr Rama Rao's administration has been swamped with allegations of corruption and nepotism – his sons-in-law exercise extensive power but have no elected position.

His illness and month's absence for treatment in the U.S. gave Mr N. Bhaskara Rao, his Finance Minister, and the organiser of two unsuccessful coups against earlier administrations, the chance he had been waiting for.

He now has a month in which to persuade enough members of the state parliament to back him and produce a majority. Mr Rama Rao is likely to consider whether to go ahead with his own plans to try to enter national politics as a member of the New Delhi parliament in the coming general election.

According to his supporters, he will be remembered in Andhra Pradesh for having replaced a bad Congress I government with a positive style of administration which tried to tackle regional issues such as education and development, albeit with limited success. "I replaced a corrupt, incompetent and anti-people government," Mr Rama Rao said.

Rao sacked, Page 3

Harvester near deal with Paris

By Paul Taylor in New York

INTERNATIONAL Harvester, the debt-laden U.S. farm machinery and truck group, said yesterday it was on the verge of signing a deal under which the French Government would help provide new loans designed to shore up Harvester's loss-making French subsidiary.

Mr Donald Lennox, Harvester's chairman and chief executive, said after news that the group had suffered another loss in the latest quarter despite sharply higher sales, that financial problems at the ailing French unit "are substantially behind us" as the result of a tentative agreement with the French Government.

He also revealed that the U.S. parent company had delayed consideration of a new five-year strategic plan, because of continued poor farm equipment sales in July.

Mr Lennox said the agreement with Paris is virtually complete and would provide for "an outright subsidy" from the French Government. The Harvester chief executive gave few other details but said that under the agreement, the French authorities and the Harvester parent company would contribute equally to a loan for the French unit.

Harvester declined to specify the size of the new funds but said the French unit's current agreements with French lenders are due to expire on September 30 and that negotiations with the French Government will resume on September 10.

As part of the tentative agreement, Mr Lennox said Harvester would be allowed to dismiss about 350 employees from its farm equipment plants in France, bringing total employment reductions to date to "several thousands."

Harvester's operating loss of $4.19m in its fiscal third quarter to July 31 represents a further slight improvement over the $8.6m loss in the second quarter and a considerable improvement over the $101m operating loss recorded in the same period last year.

An extraordinary $2.83m tax charge resulted in a final net loss, for the latest quarter of $7.03m compared with $131m in the year-ago period, when there was a $30m provision for litigation. The third-quarter loss came despite steadily improving truck sales which helped lift turnover by 43 per cent to 1.26bn from $883.8m.

The latest loss – Harvester's twelfth consecutive quarterly loss – brought operating losses for the first nine months to $65.78m compared with a $357.56m deficit a year earlier.

Harvester reported a net loss of $62.77m in the latest nine months after a $2.99m tax loss carryforward compared with a loss of $401.4m in the same period last year. Then, a $54.1m special gain was offset by a $6m loss from discontinued operations, the $30m provisions for litigation and a $69m loss for reorganisation costs.

Sales for the nine-month period increased to $3.49bn from $2.6bn.

W.German banks boost pre-tax profits 16% and lift reserves

BY JONATHAN CARR IN BONN

WEST GERMAN banks boosted pre-tax profits in 1983 by 16.3 per cent to DM 19.4bn ($6.7bn) – the fourth successive year in which earnings increased sharply while reserves strengthened against risks at home and abroad.

In its August report released today the Bundesbank stresses that this four-year run was exceptional since previous periods of sharp profit recovery had not exceeded two years.

The central bank leaves open whether the trend will continue for 1984, when most banks have already reported lower interest margins and profits for the first half.

Moreover, the Bundesbank's figures for 1983 reveal big differences in the profit performances of the individual banking sectors.

While the "big banks" – Deutsche, Dresdner and Commerzbank – the regional banks and the central giro institutions recorded above-average increases in pre-tax profits the credit co-operatives – among others – showed a below-average rise.

Last year's average increase in pre-tax profit was less than the 30.3 per cent boost of 1982, reflecting a slowdown in business growth.

Measured as a share of average business volume the 1983 profit figure turns out to be one of the best ever – 0.69 per cent, compared with 0.63 per cent in 1982 and 0.76 per cent in the record year 1968.

Contributing greatly to the result was a rise of 14.1 per cent to DM 64.2bn in the interest surplus. While the banks' interest receipts fell 6.1 per cent, this fall was far outweighed by a fall of nearly 13 per cent in the interest they paid.

The Bundesbank, which helped engineer falling rates generally by cutting its key discount and Lombard rates, is known to have mixed feelings about the big interest margins achieved by the banks.

The central bank welcomes the fact that the commercial banks, above all those deeply involved in foreign lending, were thus able greatly to boost their risk provision, but feels the banks have on occasion been too slow to hand on the benefits of lower rates to their customers thus tending to prolong general economic downturn.

Reuter reports from Munich: An expected slowdown in West Germany's economy in 1985 and success in cutting public deficits suggest the Government could make a bigger and earlier overhaul of income tax than it plans, the IFO economic research institute said in a special report published yesterday.

U.S. debt issue proposals

Continued from Page 1

among them the financing of our deficit, at the lowest possible cost, and the collection of all legitimate taxes, in the most efficient and productive manner possible."

Despite this optimism, some Wall Street economists expressed reservations. Mr David Jones, of Aubrey Lanston, said that it was "still very unclear as to how strong foreign investor demand is going to be for any of these types of issues."

Maggie Urry in London writes: Reaction to the statement in the Eurobond markets was muted yesterday as dealers waited for more details of the U.S. proposals rather than making snap judgments.

There had been fears at the time of the lifting of the 30 per cent withholding tax on income paid to foreign investors in U.S. bonds that if the U.S. Treasury issued bearer bonds – allowing investors anonymity – it would attract funds away from the Eurodollar market.

Yesterday's limitation on the Government to issuing registered securities was, therefore, regarded as "good news on balance."

The promised provisions for a "special registration" for non-U.S. bond holders caused some speculation, however. One new issue manager said: "Until I see what the certification procedures are, I cannot say whether European investors will buy them."

Certain European investors are anxious to maintain their secrecy.

If they are required to demonstrate to the U.S. Government that they are not U.S. citizens in a way which reveals their identity, they may prefer to forego the pleasure of buying U.S. Treasury bonds.

U.S. companies will in future be allowed to issue bearer bonds directly from the U.S., rather than through offshore subsidiaries, though on this point, too, issue managers will want to look carefully at the details of the changes expected to be announced today.

Recent Eurodollar bond issues by U.S. companies have included provisions to switch the borrowing back to the U.S. if and when such regulations were introduced.

LARGEST COMPUTER COMPANIES OPERATING IN EUROPE

1983 Rank	Company	1982 Rank	Parent Company HQ	European Data Processing Revenues 1983 ($m)	% Change European Data Processing Revenues 1982/3 ($)	% Change European Data Processing Revenues (in accounting currencies)
1	IBM[1 2]	1	U.S.	10,758	+10.4	+10.4
2	Bull	4	France	1,378	+14.3	+33.1
3	Siemens	3	West Germany	1,376	+10.0	+17.0
4	Olivetti	2	Italy	1,305	NM	NM
5	Digital	5	U.S.	1,107	+ 6.9	+ 6.9
7	ICL	6	UK	1,016	+ 2.2	+18.2
7	Burroughs[3]	7	U.S.	977	+ 0.7	+ 0.7
8	Nixdorf	9	West Germany	922	+15.8	+21.6
9	Philips[1]	11	Netherlands	858	+ 9.0	+16.0
10	Hewlett Packard	13	U.S.	814	+18.4	+18.4
11	Sperry	8	U.S.	705	− 7.2	− 7.2
12	NCR	12	U.S.	683	− 2.7	− 2.7
13	Control Data	10	U.S.	617	−22.3	−22.3
14	Honeywell[1]	15	U.S.	484	+ 1.3	+ 1.3
15	Wang	18	U.S.	346	+27.5	+27.5
16	Thompson-CSF	16	France	341	+14.0	+32.1
17	Ericsson Infor. Systems	17	Sweden	334	+16.4	+42.2
18	Kienzle	19	West Germany	278	+12.6	+18.3
19	Thorn EMI	NM	UK	215	+15.9	+29.1
20	Rank Xerox[1]	21	U.S.	208	− 2.4	− 2.4
21	Ferranti	24	UK	203	− 2.5	+11.3
22	Amdahl	NM	U.S.	181	+40.3	+40.3
23	Plessey[1]	23	UK	177	−13.1	+ 0.7
24	ITT[1]	20	U.S.	166	−24.5	−24.5
25	Data General	25	U.S.	163	+ 3.8	+ 3.8

NM: Not meaningful. "Not available. [1] Some figures based on estimates. [2] Data processing revenues include all activities. [3] Figures for Europe include African revenues. [4] Data processing revenues include photocopiers.
Source: Datamation

Philips profits up 110%

By Walter Ellis in Amsterdam

PHILIPS, the Dutch electronics group, increased its earnings by 110 per cent to Fl 544m ($168m) in the first half, putting it well on the way towards its full-year target of Fl 1bn. Its sales advanced by 17 per cent to Fl 24.2bn.

In the second quarter, earnings were up 91 per cent to Fl 262m with sales ahead 16 per cent to Fl 12.1bn.

Earnings had grown by 131 per cent in the first quarter, and it may have been marginal disappointment at the second-quarter figures that put slight pressure on Philips' share price in Amsterdam yesterday. The shares closed 40 cents down at Fl 48.40.

Net profit per ordinary share for the second quarter was Fl 1.24, compared with 67 cents in the equivalent period last year, while for the six months the figure was Fl 2.58, against Fl 1.28.

Trading profit for the first half came to Fl 1.6bn, a 47 per cent advance, but growth in the second quarter, to Fl 805m, was up just 30 per cent. Gross earnings in the half reached Fl 1bn, up 80 per cent, with the second-quarter equivalent up by 60 per cent, to Fl 502m.

In terms of sales, the fastest growth was shown in the industrial supplies sector, in which integrated circuits, discrete semiconductors and colour picture tubes did particularly well. Batteries and lighting also put in strong performances.

The growth in sales in the home electronics division was limited. Philips had had problems here, with its 2000 video cassette recorder system and Laser-Vision. Currently it is preparing to launch VHS-format video recorders on the European market, and hopes to see improvements in its overall market share as a result.

The Western economic recovery and the strong dollar helped bring about a sharp improvement in sales in North America. Sales in Asia rose sharply as well.

Dispute over plans for lead-free fuel

By Dominic Lawson in London

THE EUROPEAN motor and oil industries are at loggerheads over *the type of unleaded petrol to be introduced* in the European Community in 1989.

In June EEC environment ministers agreed that new cars must run on lead-free petrol in 1989, but the ministers did not resolve the key question of the octane quality of the lead free petrol to be made available.

The oil industry is lobbying intensively for the introduction of a single new grade of 94 octane unleaded petrol. The car manufacturers have been equally vehement in *proposing two new grades of unleaded petrol*, 92 octane and 96 octane.

The problem for the oil industry is that the production of large quantities of unleaded 96 octane petrol would be prohibitively expensive in terms of the cost of converting existing refining facilities.

According to one oil company chief executive it would cost European refiners about $2bn to convert to production of a single 94 octane unleaded petrol, but between $5bn and $6bn to convert to the production of the two grades advocated by the motor manufacturers.

The motor industry prefers the two grade system because the qualities produced would be close enough to those in current use to rule out the need for major engine modifications.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	25	77	Dubrovnik	S	25	77	Malaga	S	33	91	Salzburg	F	21	70
Akrotiri	S	29	84	Faro	S	27	81	Malta	S	31	88	Seoul	F	29	84
Algiers	S	30	86	Florence	S	29	84	Manila	R	29	84	Singapore	C	32	90
Amsterdam	S	20	68	Frankfurt	S	23	73	Miami	C	31	88	Stockholm	C	15	59
Athens	F	27	81	Funchal	F	22	72	Milan	S	25	77	Strasbourg	S	24	75
Bahrain	S	36	97	Geneva	S	24	75	Moscow	F	15	59	Sydney	F	17	63
Bangkok	F	34	93	Gibraltar	S	27	81	Munich	S	20	68	Taipei	R	29	84
Barcelona	F	25	77	Guernsey	S	19	66	Nairobi	C	21	70	Tangier	S	23	73
Beirut	S	29	84	Helsinki	C	15	59	Naples	F	28	82	Tehran	—	—	—
Belgrade	F	26	79	H. Kong	F	33	91	New Delhi	F	31	88	Tel Aviv	S	32	90
Berlin	F	20	68	Innsbruck	T	19	66	New York	F	32	90	Tenerife	S	25	77
Biarritz	D	18	64	Inverness	S	17	63	Nice	S	25	77	Tokyo	F	35	95
Blackpool	C	19	66	Istanbul	F	26	79	Oporto	S	23	73	Toronto	F	31	88
Bordeaux	F	25	77	Jersey	S	21	70	Oslo	F	18	64	Tunis	S	29	84
Brussels	S	23	73	Jo'burg	F	19	66	Paris	S	23	73	Valencia	F	27	81
Budapest	S	24	75	Las Palmas	F	24	75	Prague	F	20	68	Venice	S	25	77
B. Aires	F	12	54	Lima	C	20	68	Reykjavik	C	12	54	Vienna	C	20	68
Cairo	S	35	81	Lisbon	S	23	73	Rio de J'o	C	23	73	Warsaw	F	21	70
Cape Town	—	—	—	Locarno	F	23	73	Rome	S	26	79	Zurich	S	23	73
Caracas	R	27	81	London	C	23	73								
Casablanca	S	23	73	Los Angeles	F	31	88								
Copenhagen	C	18	64	Luxembourg	S	22	72								
Corfu	S	28	82	Madrid	S	29	84								
Dublin	S	19	66	Majorca	S	28	82								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Bull's European lead

Continued from Page 1

excludes data transmission revenues.

There are four British companies in the top 25, the largest number from any European country. A newcomer to the list is Thorn EMI, whose recently-formed information technology division embraces software, computer services and data storage and communications equipment.

Measured in dollars, Amdahl of the U.S. showed the biggest increase in European revenues last year with 40 per cent growth. But in national currency terms, Ericsson Information Systems of Sweden did best, with a rise of 42 per cent. Overall, revenues of the top 25 companies rose 11 per cent in national currencies.

The survey confirms the overwhelming preference among European computer companies for forging commercial alliances with U.S. or Japanese companies, rather than with each other.

Of 200 co-operative agreements concluded by European electronics companies in 1982 and 1983, 50 per cent were with U.S. partners, 20 per cent with Japanese and only 18 per cent with other European organisations.

THE LEX COLUMN

Computer dating makes a match

If ICL really expected to be besieged with white knights after the bid from STC it must have been quickly disillusioned. The two managements have wasted little time baring their souls to each other and reaching agreement on the logic of a merger.

The City of London remains sceptical about the cause-and-effect behind this chain of events, but ICL's readiness to come to terms has encouraged a growing inclination to give STC the benefit of any doubts about the magic of convergent technology.

The increased terms of the offer – valuing ICL at about £410m against the original £360m – arguably include a small premium paid by STC for a quieter life.

Pre-tax profits of a little over £55m at ICL in the current year would mean an exit p/e for the company of just over 10 times. This as well as some understanding on future management positions for key ICL executives has clearly smoothed the way for the two boards and should gladden the hearts of most ICL shareholders – though many may well repay the kindness by accepting STC's limited cash alternative.

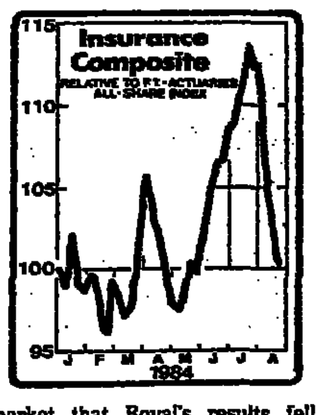
Morgan Grenfell has not repeated its boldness in underwriting the whole of the first offer's cash alternative. Second time around, only half the offer has a cash option and the City has underwritten only two thirds of that, though the sub-underwriting group will no doubt have been glad enough of the encore in the present more favourable market.

The potential cash drain on STC is about £61m. Adjusting the combined group's pro forma balance sheet for this, and cutting out goodwill on consolidation, the gearing of net debt to shareholders' funds emerges at 57 per cent.

This might yet add to STC's problems when the present microchip/computer cycle turns down, when there may be more to be heard about the changed, and lower, quality of STC's earnings – unless, of course, the group can begin to win by then the kind of applause for its broader vision which AT&T and Olivetti have already received.

Royal Insurance

Yesterday's 22p jump in Royal Insurance's share price, to 472p, might seem a very generous response to interim pre-tax figures £1.9m short of break-even. But there was a feeling of relief in the market that Royal's results fell merely in the fairly horrible – or General Accident – class, as against the truly horrible exemplified last week by Commercial Union.



A great deal now turns on how far the present recovery in U.S. commercial-premium rates is to be trusted. Following a mid-year increase in its own rates of around 13 per cent, Royal looks for a target of 20 per cent by the year end. And certainly, the structure of Royal's business makes it a natural choice for any institutions which have sold out in the bid for Phoenix and a belief that U.S. prospects make it appropriate to be overweight in the composites sector.

One snag about this is that the pick-up in U.S. economic activity seems to be pushing up the frequency of claims very rapidly; so the firming in premium rates, real though it may be, could be offset in advance. And even the most substantial increases could be rapidly wiped out by a renewed bout of industry throat-cutting, as happened last year in Canada.

The full year outcome will be pretty grim; some pessimists look for as little as £50m pre-tax, leaving the increased dividend nowhere near covered. But the share price is looking to 1985, for which market estimates range from £170m down to £100m at best. The shares scarcely look expensive; but if the pessimists are right, recovery prospects could largely be in the price.

Interest rates

Yesterday's quarter point cut in official dealing rates offered a fine illustration of the guarded enthusiasm at which the Bank of England excels. The money markets were openly inviting a half point cut early yesterday morning but, after last week's scamper down to base rates of 11 per cent, caution is evidently the official order of the day.

But, having made the point that 10½ per cent base rates look low enough for the time being, there seems nothing to stop the Bank triggering the clearers' move with a further quarter per cent dealing rate cut today. Yesterday's public sector borrowing requirement (PSBR) and money supply figures contained no nasty surprises and, in the event anyone at the Bank is interested, the exchange rate is encouragingly stable.

The U.S., as usual, could always upset this delicately balanced apple-cart. But the New York bond market took in its stride yesterday's news of a further rise in U.S. capacity utilisation, and the Bank itself probably has more parochial matters on its mind. Apart from anything else, it will be hoping to sell some – if not all – of the new tap. Roughly £150m may have been sold at the minimum tender price yesterday, and a base rate cut would not exactly inhibit further sales today.

Plessey

There cannot be many directors of Plessey who remember the last time it saw a quarterly cash flow deficit. The £50m outflow in the first quarter to June is the most striking sign yet of the group's transition from growth via improving efficiencies to growth via significant volume expansion.

Increassed working capital – reflecting a 24 per cent jump in worldwide orders – and the record capital expenditure budget have already had an impact; the cash demands of further reorganisation can also be expected to help push the flow of funds deficit higher, perhaps up to £100m for the current year as a whole.

None of this has been too evident from the profit and loss account. Investment income has stayed constant while pre-tax profits have risen from £38.2m to £42.0m.

Plessey increasingly looks a case of short term sacrifices – most notably in the U.S., where Stromberg Carlson is unlikely to add much to first quarter profits of £2m throughout 1984-85 – in return for long term rewards. Probably the market will postpone any vote of confidence in the future until present System X delivery delays are ironed out; but pre-tax profits this year should still exceed £200m and a p/e multiple around 12½ looks undemanding.

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SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday August 17 1984

KLM dividend likely as growth continues in first quarter

BY WALTER ELLIS IN AMSTERDAM

KLM, the Dutch national airline, more than doubled its first-quarter earnings to Fl 89m ($27.4m) compared with the first three months of fiscal 1983. Its aircraft load factor from April to June increased from 62.8 per cent of capacity to 68.7 per cent.

A dividend for 1984 – the first since 1978 – is expected if the annual net result exceeds Fl 200m.

KLM has emerged well from the economic recession as one of the most consistently profitable airlines. Further growth is expected in the second quarter, but at a reduced rate.

KLM's share price closed down 50 cents at Fl 178.

Earnings per Fl 100 nominal share are estimated at Fl 11.85 in respect of the total number of outstanding shares in 1984 of 7.66m. Last year, first-quarter share earnings were Fl 8.9, with the number of shares then 4.55m.

Traffic, made up of passengers, freight, postal and charter flights, rose by 12 per cent, to 780m ton-kilometers. Scheduled passenger traffic increased by 8 per cent, and the volume of freight carried rose by 19 per cent.

Operating income for the three months reached Fl 84m – up by 40 per cent – and the final, net result was achieved following the addition of Fl 25m realised from aircraft sales pending major fleet renewals.

Two Airbus A310s, added to the KLM fleet last year, were bought within a leasing agreement during the first quarter, releasing Fl 285m for other purposes.

KLM increased its authorised share capital a month ago to allow for possible new share issues. None, however, have so far been announced. The airline is 55 per cent owned by the Dutch state.

Volvo oil subsidiary returns to profit

BY DAVID BROWN IN STOCKHOLM

SCANDINAVIAN Trading Company, the oil trading subsidiary of the Volvo automotive group which ran up heavy losses last year, has returned to profit for the first six months after a drastic scaling down of its operations.

The group showed a profit of SKr 71m ($8.5m) after net financial costs but before extraordinary items, compared with a loss of SKr 268m registered last year.

Sales fell from SKr 24bn to SKr 13bn after a decision by the new Volvo-appointed management to reduce oil trading volumes and cut risk exposure.

The profit was charged with a SKr 64m extraordinary item related mainly to the disposal of its former Scandrill oil and gas exploration unit, which was hit by losses totalling almost SKr 1bn last year. It was forced to write down the appraised value of its proven reserves by about 89 per cent, and was sold by STC to the Bankers Trust Company for $1 in May to avoid foreclosure on a $105m loan.

STC made a $12m cash payment to Scandrill before the transfer and paid $37m of the loan. It also granted Scandrill an interest-free five-year loan of $10m.

Volvo, which backed these terms, will be repaid by STC when the group floats its profitable STC Finans subsidiary on the Stockholm exchange within a year.

Volvo was forced to step in twice last year to keep STC out of liquidation following a series of disasters in oil futures speculation and normal oil trading operations. At one point the company was threatened with expulsion from the Stockholm bourse but was fined instead. STC accounted for about a third of Volvo's turnover last year.

Novo in insulin venture

BY HILARY BARNES IN COPENHAGEN

NOVO, the Danish pharmaceuticals and enzymes manufacturer, has concluded an agreement with CSL (Commonwealth Serum Laboratories Commission), of Melbourne, Australia, for the production of insulin in Australia and the formation of a joint venture company for research, marketing and distribution of insulin in Australia, New Zealand and Oceania.

The agreement with one of Australia's oldest pharmaceuticals manufacturers, with a turnover of about A$60m (U.S.$50.5m), will consolidate Novo's position in the Australian market, where it has a half share of a market with an estimated value of just under A$10m, said Mr Sonnich Fryland, of Novo's pharmaceuticals division.

The production plans involve the purification in Denmark by Novo of crude insulin produced by CSL. The purified products will be returned to Australia for packaging, marketing and distribution.

● Jyske Bank, the fast growing Jutland-based bank, increased first half earnings before provisions from DKr 59m ($56m) to DKr 151m, but after an adjustment for the value of its portfolio of bonds and shares the bank reported a loss of DKr 398m compared with a first-half profit last year of DKr 1.0bn.

Aerospace group fails in Fenner share bid

By Alexander Nicoll in London

BRITISH aerospace company Hawker Siddeley's £43m ($56.33m) bid for Hull-based engineering group J. H. Fenner lapsed yesterday after it failed in a last-ditch attempt to win control through purchases of Fenner shares on the stock market.

Hawker's final tally of Fenner shares which it owned or for which it had received acceptances was 44 per cent.

The total included 2.24m shares, or 7.3 per cent, purchased in the market yesterday by Hawker's stockbrokers, Cazenove.

Cazenove's aggressive bids for shares were countered by Scrimgeour Kemp-Gee, acting as brokers for Hill Samuel, Fenner's merchant bank advisers.

Cazenove was believed to have obtained its shares in a few large transactions. Scrimgeour, which entered the market partly to show that Fenner's strong resistance to the bid was not cracking, picked up only a few shares.

The brokers' action produced an exciting day's trading in Fenner shares, which rose 16p to 141p at one stage, roughly equivalent to the bid price, before dropping back to close at 128p. Cazenove's purchases were all at 140½p.

Hawker shares held at 434p for much of the day, valuing its offer at 141p. But on news of the bid's failure, they slipped to close at 428p down 5p on the day.

With acceptances of the Hawker bid totalling only 20.5 per cent of Fenner shares, the market purchases were not enough to boost Hawker's long-held 16.4 per cent stake in Fenner to a majority.

Mr Peter Barker, Fenner chairman, said that the result showed that "the offer really was too low." Hawker was offering two of its own shares plus 405p in cash for every nine Fenner shares, and had insisted that this was generous in view of Fenner's past profit performance and prospects, and its high level of borrowing.

Finnish debut for merchant banking

By Lance Keyworth in Helsinki

SELFINA FINANCIAL Services, the first company in Finland to offer merchant banking facilities will begin trading on Monday.

It will also deal in securities quoted on the Helsinki stock exchange in co-operation with stockbrokers Erik Selin.

It will engage in money broking, investment management and corporate finance, including advisory services for foreign exchange, foreign business establishment, and acquisitions.

Selfina's rules allow 20 per cent of its equity to be held by foreign investors.

PHW SURGES AHEAD DESPITE A TWO-WAY BATTLE FOR CONTROL

Clash of the steel barons nears climax

BY JONATHAN CARR IN FRANKFURT

PHB WESERHÜTTE (PHW), one of the world's leading bulk materials handling concerns, is the object of a bitter struggle by its two shareholders which seems set to reach a climax next week.

At the centre of the drama are three men who, in different ways, have set their stamp on West German industry. One is Herr Otto Wolff von Amerongen, aged 65, the tough and eloquent chief of the Otto Wolff steel trading and capital goods concern which holds just over 50 per cent of the share capital of PHW.

The other is Dr Detlev Carsten Rohwedder, aged 51, boss of the Hoesch steel company which holds the remaining PHW shares – to the deep annoyance of Herr Wolff.

The third man, caught uncomfortably in the middle between the disputing parties, is Herr Peter Jungen, aged 44, the dynamic chief executive of PHW. Herr Jungen is the main architect of a strategy which has brought PHW fast expansion abroad and profits even last year when many recession-hit rivals were still in the red.

PHW results from a 1980 merger between Pohlig-Heckel-Bleichert, a mechanical handling equipment concern owned by Arbed of Luxembourg, and Weserhütte, a mining plant and machinery company owned by Otto Wolff.

The merger paid off handsomely because, broadly speaking, the products of the two partners were complementary. PHW could offer customers a full range of materials handling equipment ranging from mining, stockpiling and loading machinery to mechanical crushers and feeders.

The other key element to success has been Herr Jungen's drive to establish or acquire subsidiaries abroad able to attack foreign markets from the inside. The strategy allowed PHW to benefit from foreign export financing facilities generally better than those available at home, and it has made the group largely independent of currency fluctuation. The result is a concern which last year had total sales of DM 1.2bn – more than 80 per cent of that abroad – and all of whose subsidiaries are in the black.

It is not least PHW's strength abroad which is of interest to Dr Rohwedder, who with grim determination and against the odds has dragged Hoesch back into profit since he took over as chief executive in 1979. Hoesch is 75 per cent owner of Orenstein and Koppel, a construction machinery company with sales of over DM 1bn but struggling out of the red after serious management problems a few years ago.

From Dr Rohwedder's viewpoint a merger between O and K, which does not have an extensive foreign base, and the "mini-multinational" PHW would help Hoesch in its drive to diversify out of steel.

Last year Dr Rohwedder saw his chance and pounced. For DM 53m he bought the full 49.58 per cent in PHW held by Arbed. Otto Wolff, who held 49.94 per cent – with the few remaining shares in other, private hands – was furious. For one thing he felt he had had first option to buy Arbed's stake if the Luxembourgers decided to sell. This view is now being tested in the courts. For another, Herr Wolff sees no sense in a PHW – O and K merger.

Herr Jungen: caught in the middle

Herr Wolff is not a man to trifle with. He managed to scoop up the few PHW shares still in private hands to give himself a razor-thin 50.4 per cent majority.

At the PHW annual meeting last month the two Arbed representatives on the PHW supervisory board announced understandably that they were giving up their places. Herr Wolff proposed that another shareholders meeting to be held on August 20 to appoint two new supervisory board members – one Dr Oetker and the second a member of the managing board of Otto Wolff.

Dr Rohwedder was not taking that lying down. Using a legal loophole, Hoesch appealed to a Cologne court to appoint immediately two new members to the PHW supervisory board – one of them already a member of the supervisory board of Hoesch.

The court complied and Hoesch promptly announced that a new shareholders meeting would be superfluous.

Not so, insisted Herr Wolff. He is sticking to the August 20 date and plans to use his majority to put in his two candidates and so remove the court-appointed ones.

Swiss turbine maker loses SwFr 20m

By Anthony McDermott in Geneva

ATELIERS DES CHARMILLES, one of Geneva's largest industrial concerns, suffered a loss of SwFr 20m ($8.3m) during the year ended March 31.

Charmilles was renowned for its production of turbines and is still a leading producer of electro-erosion machinery. Although industry in Geneva has fared badly in recent years – indicators for the first quarter suggest a gentle recovery – Charmilles' losses reflect most of all the fact that the company is being restructured.

The company has divested itself of interests in heating (sold to the Klöckner group), and hydraulics, and part of its electro-erosion activities to the Georg Fischer group. The rationalisation measures have raised the question whether Ateliers des Charmilles intends to become a company interested purely in financial investments or will invest in specific industries.

Mid-Eastern group improves by 15%

By Mary Frings in Bahrain

THE ARAB Investment Company (TAIC), the Riyadh-based financial conglomerate owned by 15 Arab states, has reported a 15.6 per cent increase in interim net profits, from $11.2m in the first half of 1983 to $12.9m at the end of June 1984. Operating profits were $14.3m, up from $12.6m, while provisions and adjustments of $1.37m were marginally lower than at last year.

Hewlett-Packard improves sharply

BY DAVID BLACKWELL IN NEW YORK

HEWLETT-PACKARD, the U.S. electronics and computer company, recorded strong gains in both earnings and sales in its third quarter and nine-month results.

The quarter showed an increase of 47 per cent in net profits to $134m or 52 cents a share, against $91m or 35 cents a share last time. Sales increased from $1.15bn to $1.56bn.

At the nine month stage earnings soared by 74 per cent to $498m against $285m, or $1.94 a share against $1.12 a share. Sales increased from $3.38bn to $4.36bn.

Mr John A. Young, president and chief executive, said the company's orders had grown dramatically in the quarter in spite of the strength of the dollar.

"We are extremely pleased with the acceleration in international orders – up 43 per cent from a year ago," he said.

All four of the company's business sectors showed increased orders in the quarter, with the computer products sector recording the biggest rise – 39 per cent.

● Tandy, the largest U.S. electronics retailing company, has reported record sales and earnings for the year ended June 30, although fourth-quarter earnings declined by 21 per cent.

In the latest quarter, earnings were $58.4m or 60 cents a share, against $74.5m or 71 cents. Sales rose to $599.2m from $590.1m.

Earnings for the year reached $281.9m or $2.75 a share, against $278.5m or $2.67 a share. Sales rose from $2.47bn to $2.74bn.

Amdahl to reduce workforce by 4%

BY OUR NEW YORK STAFF

AMDAHL, the U.S. manufacturer of IBM-comptabile mainframe computers, is to cut its workforce by about 4 per cent as part of several steps to streamline its operations.

Last month the company reported second quarter operating earnings down 80 per cent from $8.8m or 20 cents a share to $4.9m or 11 cents on revenues up from $180.8m to $196.8m.

Operating earnings for the half fell from $13.8m or 31 cents a share to $9.1m or 20 cents on revenues up from $352.5m to $371.4m.

Mr John C. Lewis, President, said: "We have taken steps necessary to streamline our operations so that we can maintain our competitive position in the marketplace. These actions will result in a reduction in staff of less than 4 per cent of our worldwide employment base."

Mr Lewis said he continued to expect a significant improvement in revenues in the second half.

Diasonics, the U.S. maker of medical imaging equipment which went public in February last year, reported a second quarter loss from continuing operations of $30.9m against a net profit from continuing operations of $2.3m or 5 cents a share last time. In the latest quarter a $9.69m loss from discontinued operations made the final net loss $40.6m, while in the year ago quarter of a $935,000 loss from discontinued operations gave a final net profit of $1.38m or 3 cents a share.

For the half the loss from continuing operations reached $32.1m, against net profit from continuing operations of $4.5m or 9 cents a share last time.

Paul Taylor examines a fledgling industry's outlook

Satellite broadcasting on trial

WHEN CBS, the U.S. broadcasting giant, pulled out of a planned satellite-to-home television programme plan last month citing the pressure of regulatory deadlines and uncertainty about technology and marketing, an infant industry was shaken to its roots.

With Europe and the rest of the world watching, direct broadcast by satellite (DBS) is on test in the U.S.

Even before the first "true" DBS service has got off the ground using high-powered satellites to beam down television programmes to small roof-top dishes, the industry's future appears to have been thrown into doubt by CBS's recognition of the large capital costs of starting a service at a time when the potential DBS market is being dramatically revised downwards.

Although the CBS decision was perhaps the greatest shock to the industry because the broadcasting and entertainment company had been viewed as "one of the serious DBS contenders," it is far from alone in backing out.

Only five out of eight DBS proposals approved by the U.S. Federal Communications Commission (FCC) two years ago, met an FCC-imposed "due diligence" deadline last week to show they were still serious about building a DBS network. Several of those projects are now in serious doubt because of funding problems.

Aside from CBS, which pulled out leaving its joint venture partner, Communications Satellite (Comsat), looking for a new partner to share costs, other major U.S. corporations to pull the plug on DBS within the past few weeks include Western Union and RCA, which did not abandon DBS entirely but which postponed its plans, apparently indefinitely.

Even ahead of these setbacks Mr Rupert Murdoch, the Australian publisher, had flirted with DBS only to withdraw a few months later with little explanation – but leaving a string of law suits.

Perhaps most crucially, United Satellite Communications, which beat the rest of the DBS hopefuls in the race to offer a commercially available DBS service using leased, lower power satellites late last year, has provided a less than sparkling example.

Two months ago United Satellite, another joint venture launched with $54m in original capital by Prudential Insurance Company of America which has a 51.9 per cent stake – General Instrument has an 11.9 per cent stake and is the major equipment contractor, while two private investors own 21.2 per cent – admitted it was seeking new financial partners.

The search for new partners followed the failure of a $40m private placement launched for United Satellite earlier this year and handled by Salomon Brothers and Morgan Stanley, two of the leading Wall Street investment firms.

After a slow start in Indiana, United Satellite has expanded its service, which uses lower powered satellites and large dishes, to Baltimore, Washington and Philadelphia. The company, however, needs more capital to expand its service if it is to capitalise on being first into the market.

At the end of April the company had around 10,000 subscribers, far short of the target of 100,000 by the year-end, and certainly far short of what industry watchers believe is break-even point.

With cable television – a generally cheaper and more varied option providing perhaps 50 channels for about $20 a month compared with only five from United Satellite for $39.95 a month – accessible to 80m out of the 90m U.S. homes with television, some analysts contend the actual U.S. market could be as small as 3.5m homes. Even the optimists guess at no more than 10m subscribers.

That makes the U.S. market pretty small – especially given other estimates that suggest that the break-even point for a DBS system might be as high as 3m subscribers, depending on installation costs which can run as high as $800 a subscriber.

"It just isn't economic," says one Wall Street analyst who also believes DBS operators will have problems marketing services and servicing equipment in their prime target market – the far flung rural areas.

But the double crunch comes when start-up costs are considered. As estimates of potential DBS market and market share are being downgraded, cost projections are going rapidly in the opposite direction.

The low power system United Satellite used to get on air provides an acceptable picture but it requires consumers, or DBS operators, to buy or lease relatively large and expensive dishes and the DBS operator to supply other costly equipment.

In contrast, high power "true" DBS satellites do not need such elaborate systems on the ground – roof-top dishes can be no bigger than a large dinner plate and correspondingly cheaper and more acceptable to subscribers.

The big downside disadvantage is satellite cost. United Satellite got into business using new advanced technology on the ground and relatively cheap transponder space on existing Canadian satellites.

The new high power "KU band" DBS satellites planned by Satellite Television (STC), a Comsat subsidiary, are more expensive to build and have yet to be launched – at an estimated cost of $30m or more, including insurance.

STC, perhaps the most likely to persevere with DBS, illustrated start-up costs in its latest FCC filing, in which it proposed to launch only two satellites capable of delivering a signal across the whole of the U.S. instead of the four originally envisaged.

Though Comsat does not like talk about specific costs, analysts believe the new plan could reduce STC's DBS start-up costs from around $1bn to between $500m and $600m.

The FCC, for one, is far from abandoning the show. Already, it has seven new applicants for its second-round licensing and DBS advocates argue that most of the drop-outs so far "were not serious anyway."

INTL. COMPANIES & FINANCE

Malaysian senator to give up bank post

By Wong Sulong in Kuala Lumpur

SENATOR ALEX LEE, the Malaysian banker-politician, is to resign as general manager of Development and Commercial Bank, Malaysia's fifth-largest bank, following criticism of his way of running the bank.

Confirming his resignation, Senator Lee, however, said he would remain on the board.

The dispute has been going on for the past several years. It flared up into the open at the recent annual general meeting, when shareholders questioned Senator Lee's style of management.

They were particularly critical of the loan of 83m ringgit (U.S.$35.7m) given to MPC Holdings, which is controlled by Datuk K. K. Sharma, the commodity trader. DCB is now trying to recover it through a public auction of land belonging to MPC Holdings.

The problem loan forms the central point of two letters written by Tan Sri Aziz Taha, the Central Bank governor to Tun H. S. Lee, DCB's chairman, in August 1982 and March this year. The governor expressed disatisfaction over Senator Lee's running of the bank.

The 83-year-old Tun Lee, a former Malaysian Finance Minister, is Senator Lee's father. He founded DCB in 1965. DCB went public last year, with a paid-up capital of 113m ringgit and recorded after-tax profits of 26.5m ringgit for 1983.

Apart from Senator Lee's resignation, the DCB management board will be expanded from three to five. Two members will come from the Lee family,

Darling cautious despite strong first-half advance

BY JIM JONES IN JOHANNESBURG

DARLING AND HODGSON, the South African construction company, is cautious on immediate prospects because operations are facing a difficult time as a result of lack of work and very competitive margins, Mr John Hodgson, the chairman, said.

In the six months ended June 30 the group increased its turnover by 3.9 per cent to R384.4 ($236.8m) from R370.m Trading profit before interest and tax was 28.3 per cent higher, at R28.3m against R22.1m. Turnover was R763.6m for 1983 as a whole and operating profit R52.8m.

Pre-tax profits have been cut by a significantly higher interest bill. It rose to R13.5m from R7.1m in the first half of 1983 and compares with R16.8m for the whole of 1983.

The company has acquired a 30 per cent interest in Blue Circle, the cement manufacturer, and on an equity basis accounted pre-tax profit of R2.6m from this source during the half year. In addition Darling's construction operations have been merged with those of its subsidiary, the Group Five Construction company.

First-half earnings slipped to 45 cents a share from 49 cents and an unchanged interim dividend of 17 cents has been declared. In 1983 earnings totalled 135 cents and a total dividend of 48 cents was declared. The directors expect this year's earnings to be lower than those of 1983, but say an unchanged dividend should be paid.

Debt charges slow Group Five

BY OUR JOHANNESBURG CORRESPONDENT

GROUP FIVE, the South African building and engineering company which is 65.5 per cent owned by Darling Hodgson, is having to struggle to maintain profitability, its board says.

Although the consolidation of the construction division of Darling under Group Five helped increase first-half turnover to R276m ($170m), and operating profit to R7.4m, the group's greater size has led to a higher debt exposure. The interest bill for the six months to June was R2.9m compared with R681,000 for the group before the addition of the Darling unit.

Group Five's results for the last (and uncomparable) six-month period, which ended in February 1983, showed a turnover of R152.6m and an operating profit of R4.9m.

The company says that orders to hand are at a satisfactory level but cautions that these have been won at the expense of margins. In addition, the amount of new business on offer at present is low.

However, it is expected that the annual dividend of 32 cents will be maintained. An interim dividend of 10 cents has been declared on earnings per share of 34.5 cents.

INTL. COMPANIES

INTERNATIONAL APPOINTMENTS

North American regional director for Midland Bank

● Mr Douglas S. Wertlnich has been appointed regional director, North America for MIDLAND BANK, from September 1. Based in New York, he will have responsibility for all Midland's direct banking business in the U.S., including the New York branch, and for Midland Bank Canada. In addition, his responsibilities will include the London-based correspondent banking and corporate banking support units for North American activities. Mr Wertlnich is currently executive vice-president of Algemene Bank Nederland's regional office for North America, which encompasses 12 offices in the U.S. and Canada. Mr Bernard J. Lind, executive vice-president and treasurer, New York branch, will also become branch manager. Mr Hugh M. Pattinson, executive vice-president of Midland Bank, who was previously regional director, has been seconded to Crocker Bank, Midland's subsidiary, based in San Francisco. Mr Harry P. Abplanalp, currently executive vice-president and chief manager, will be resigning from the bank to join Stern Stewart Putnam & Macklis, corporate financial consultants and publishers of the Midland Corporate Finance Journal.

● Mr Robert B. Johnson has been appointed president of LEDERLE LABORATORIES, part of American Cyanamid Company. He was vice president.

● Mr P. H. Dyer, previously general manager of a HAWKER SIDDELEY Australian company, Crompton Lighting Pty, has been appointed to its board as director and general manager. The board of Dimetronic SA, the Spanish Hawker Siddeley company in the railway signalling and automation systems business, has been reconstituted as follows: Mr R. A. Willford, chairman; Mr J. Martinez Gomez, managing director. The other directors of the company are Mr F. Taberna, Mr J. L. Tiagonce and Mr D. J. Norton. Mr Willford is a director of Hawker Siddeley Group and chairman of Westinghouse Brake and Signal. Mr Norton is managing director of Westinghouse Signals.

● ENVIRONMENTAL RESEARCH & TECHNOLOGY INC. has appointed Mr Douglas M. Ross vice-president, marketing. Mr Ross has directed ERT marketing in the western states for over the past seven years.

● Mr Tony Hodge has been appointed NATIONAL WESTMINSTER BANK'S chief manager in Japan, based in Tokyo. Prior to this appointment, Mr Hodge was the manager responsible for the chemical industries in the corporate financial services region in London.

● PHELPS DODGE CORPORATION has elected Mr Edward J. O'Sullivan as controller. He was senior assistant controller in 1979.

● Mr Stephen E. Spathelf has been named treasurer of PLAYBOY ENTERPRISES, Inc. Previously assistant treasurer, he will have responsibility for planning, monitoring and evaluating all of the corporation's assets and liabilities as well as bank and financial community relations.

● Mr Rod G. Wilson has been named president of BP COAL NORTH AMERICA INC. He was senior vice-president serving on temporary duty from BP Coal, London, where he was assistant technical manager and was responsible for BP Coal's worldwide exploration programme. BP Coal North America is based in Lexington, Kentucky, and is engaged in exporting coal to BP Group customers in Europe.

● Mr David H. Horowitz has been appointed president and chief executive officer of Warner Amex Cable Communications' new company MTV NETWORKS INC.

● Mr Neal P. Cramer has been promoted to president of LITTON'S Western Geophysical Company of America. He was executive vice-president and succeeds Mr Howard Dingman, who was named chairman of the Houston-based Litton unit. Mr Dingman continues as a Litton corporate senior vice-president and head of Litton's resource services group. He succeeds Mr Booth B. Strange, who has retired.

● Mr Roberto Beck has been appointed a director of POWELL DUFFRYN SHIPPING SERVICES, shipping services subsidiary of Powell Duffryn. He resides in Rio de Janeiro and is general manager of Cory Irmaos, Powell Duffryn Shipping Services' subsidiary in Brazil.

● Mr Yoshiyuki Takeuchi has joined SVENSKA INTERNATIONAL to become capital markets representative in Tokyo. He was deputy general manager of the Tokyo-Chuo branch of Dai-Ichi Kangyo Bank and, prior to that, was resident in London for several years as deputy managing director of Dai-Ichi Kangyo International.

THE PROPERTY MARKET BY MICHAEL CASSELL

British Land buys in New York

BRITISH LAND'S efforts to step up its U.S. property interests took another big step forward this week with the purchase, for around $33m (£25m), of an office tower on Park Avenue South, Manhattan.

The acquisition, from Leucadia, the insurance group, has been carried out through British Land of America, the U.S.-quoted company in which the British property company now holds a near-35 per cent stake. It has options to raise its interest to 75 per cent.

British Land first bought into BLA, then operating as Growth Realty Companies, in April 1982. The Los Angeles-based realty group had been repeatedly recording losses and, although it had a portfolio worth over $70m, it also carried liabilities in excess of $50m. Later in 1982, British Land took over management control, under John Weston Smith, and it has since been turning the company round as well as turning it into the cornerstone of its U.S. expansion programme.

The purchase of 315 Park Avenue South, a freehold office building with 283,000 sq ft of rentable space not only gives BLA another major U.S. asset but also helps clear up a little more of the mess left behind by Growth Realty.

As part of the deal, BLA takes on the existing mortgage on the property and has issued ¼m shares, at $6 each, to Leucadia. But in addition, it has managed to transfer to the vendor around $5m worth of mortgages which BLA had granted on condominiums in Puerto Rico.

BLA is now expected to inject the Manhattan property into a tax-shelter oriented investment partnership. In any event, it intends to retain a substantial interest in the property.

According to John Weston Smith: "This gives us another potentially very rewarding investment and also helps clear up some of the awkward bits left behind by Growth Realty."

Weston Smith says the Park Lane South property has a handsome reversionary element—"as you would expect for British Land"—and emphasises that the cost of renovation work to be carried out is being borne by Leucadia.

The building's location—at 24th Street—is hardly prime Manhattan but there is no question that this part of town is proving increasingly popular with companies unable to contemplate top rents. When BLA started talking about the acquisition in April, four floors in 315 Park were empty but now the building is almost fully let. Rents are around $20 a sq ft.

Apart from clearing up the legacy of mortgages and foreclosed real estate interests, the new management at BLA has also made one other major acquisition in the shape of the Sofia building, close to the Lincoln Center for the Performing Arts in Manhattan.

The property, on West 61st Street is being redeveloped to provide 68,000 sq ft of offices—now sold to the College Entrance Examination Board—and 92 apartments, half of which are also sold. Weston Smith says the $40m joint venture is already close to "break-even point."

Outside the BLA operation, British Land itself owns 90 Broad Street, New York, a 330,000 sq ft downtown office building which it acquired in late 1982.

But it is through BLA that the U.S. expansion drive will be concentrated. Weston Smith points out that inherited debts of $5.4m in the year to June 1983 have now been overturned to produce profits of $328,000 in the first nine months of the current year. He describes the quick improvement as "a nice healthy step in the right direction" and says he expects the company to start taking increasingly large strides in the months ahead. "Watch this space, we have plenty of other things up our sleeve."

● **Speyhawk is joining forces with Sprout Developments, of New Jersey, to develop a 92,500 sq ft office building on a 4½ acre site at Fairfield, New Jersey. Speyhawk has recently announced a 70,000 sq ft office project in Greenwich, Connecticut. Weatherall Green and Smith acted for Speyhawk.**

Townsend Thoresen wins Victoria fight

TOWNSEND THORESEN Properties has finally been given the go-ahead to develop an 83,000 sq ft office building behind London's Victoria Station.

The development will be in Hudson's Place on the site of the former Christies warehouse and almost alongside Sovereign House, the 100,000 sq ft office building recently completed by Townsend Thoresen but, so far, without a tenant.

After a planning fight which went as far as the High Court, the property development arm of European Ferries has cleared all the hurdles and will soon start demolition work. A 21-month building programme should start in January and development costs will be about £6.5m.

The new building, which will slot in between Godfrey Davis House and Early Bird House, the Harry Hyams development occupied by the Home Office, will provide around 56,000 sq ft net of floorspace.

The Victoria market is currently sagging under a hefty floorspace oversupply but Kean Hird, director of development at TT Properties, has no qualms about starting another major scheme in the locality before the last one is occupied. "By the time it comes through, we expect a healthy demand for this type of quality office building. It will work on rents of over £20 a sq ft and we don't anticipate problems in breaching that level."

Sovereign House, noted for its spectacular atrium, is on the market at around £24 a sq ft in an area where a figure nearer £18 a sq ft represents the top end of the established rental range. Greycoat is asking £22 a sq ft at Victoria Plaza, the 200,000 sq ft complex on the other side of the station which is still looking for its first tenants.

Townsend Thoresen agreed a provisional purchase of the Hudson's Place site from Christies at the end of 1982 and submitted a planning application in January 1983. Despite a favourable response during talks with Westminster city council, the plans were rejected in May of the same year but were passed two months later, subject to GLC approval.

The GLC failed to respond, so the deemed refusal was taken to appeal, with Westminster supporting the developer and the GLC and the Pimlico Residents' Action Group opposing the proposals.

In May this year, the inquiry inspector found in favour of the developer but the GLC then challenged his decision on a legal technicality. A two-day High Court hearing last month supported the inspector and Townsend Thoresen has now completed the site purchase

City move for Nomura

NOMURA INTERNATIONAL, the UK subsidiary of Japan's largest investment bank, is to occupy Centurion House in the City of London, the 61,000 sq ft office scheme being jointly developed by National Provident Institution and English Property Corporation.

The building is in Monument Street and stands on the spot where the Great Fire of London is reputed to have started. The Japanese tenant, which will be vacating its existing headquarters and other space in Gracechurch Street, will be paying £1.6m a year in rent, to show an initial yield thought to be in the region of 6 per cent. The lease is for 25 years with five-year reviews.

Centurion House is not due for completion until October, when Nomura will begin fitting out the 10-storey property. The building is NPI's largest property investment to date and the letting is thought to be the biggest achieved in the EC3 postal district this year. St Quintin acted for the developers and Jones Lang Wootton represented Nomura.

● Jones Lang Wootton, the agents and surveyors, are to occupy 22 Hanover Square, London W1, the 90,000 sq ft Mayfair development carried out by Prudential Assurance. Rent details are not being disclosed—JLW is proving as reticent as some of its clients when it comes to revealing terms—but the original asking rent was £1.75m.

Piccadilly picks up

THE two-year search by Land Securities to find tenants for Devonshire House in London's Piccadilly is beginning to pay off.

It is understood that the UK subsidiary of Hamilton Oil Corporation, the U.S. independent oil and gas group, has agreed to take space in the building at a rent in the region of £20 a sq ft. It is expected to occupy two floors.

Together with two other lettings now being finalised, it appears that Land Securities has so far managed to line up tenants for a little over one-third of the 150,000 sq ft building.

Britain's largest property group undertook a complete refurbishment of the property and spent about a year attempting to find a single tenant prepared to pay around £25 a sq ft.

There were no takers, however, and last September Land Securities dropped the asking rent to £20-£24 a sq ft and conceded that multiple occupation was inevitable. D. E. and J. Levy are letting agents, though at one stage the developers invited any agent to make an introduction.

The West End market has been anxiously awaiting news of lettings at the Piccadilly building to help provide evidence that the local office sector is repeating the revival now underway in the City.

Supply stifles rents

OFFICE SPACE in the City of London is being snapped up at a rate not seen for five years, but an equally high supply of new accommodation is preventing any surge in rents.

The latest City office market report from Richard Ellis, the agents and surveyors, estimates that 2m sq ft of floorspace went under offer in the first half of 1984, only 500,000 sq ft less than in the whole of 1983.

For the first time since the end of 1979, the amount of floorspace signed up by tenants exceeded new supply (1.9m sq ft) but the marginal difference was not enough to stimulate rents. Ellis says that most rises were achieved on properties in the £20 a sq ft-plus range, although the first-half average increases was only £1 a sq ft. Top rents—between £30 and £35 a sq ft—have hardly changed but the agents say they expect them to rise later in the year as the volume of available space in new schemes begins to fall.

The much healthier take-up rate, confirmed in this week's survey from agents Dron & Wright, centres on the banking and financial services markets, with the insurance sector also showing renewed interest in expansion.

FT COMMERCIAL LAW REPORTS

Insect-infested ship is 'unseaworthy'

EMPRESA CUBANA IMPORTADORA DE ALIMENTOS v IASMOS SHIPPING SA
Queen's Bench Division (Commercial Court): Mr Justice Staughton: July 26 1984

A SHIP is "unseaworthy" within the meaning of the Hague Rules if its condition before loading cargo constitutes a major and permanent obstacle to completion of the contract voyage; and accordingly, where cargo is loaded on an insect-infested ship so that discharge is prohibited at port of destination, the shipowners are in breach of their duty to provide a seaworthy ship if, had they exercised due diligence, they would have discovered and eradicated the infestation before loading.

Mr Justice Staughton so held when giving judgment for Empresa Cubana Importadora de Alimentos, buyers of cargo carried on the Good Friend, in their claim against the shipowners, Iasmos Shipping Co SA, for loss caused by a Cuban prohibition on discharge of the cargo.

Article III rule 1 of the Hague Rules, enacted in Canada by the Water Carriage of Goods Act 1936, provides: "The carrier shall be bound before and at the beginning of the voyage to exercise due diligence to (a) make the ship seaworthy. . . . (c) Make the holds . . . in which goods are carried, fit and safe for their reception, carriage and preservation."

HIS LORDSHIP said that on June 12 1980 soyabean meal was shipped at Hamilton, Ontario, on board the Good Friend for carriage to Havana. In due course the bill of lading was endorsed and delivered by sellers of the cargo to the buyers. The bill of lading and contract of carriage incorporated the Hague Rules.

After the vessel arrived at Havana, complaints were made that the soyabean meal suffered from insect infestation. The Cuban authorities prohibited discharge. The cargo was fumigated, and was resold to salvage buyers. The vessel sailed for Las Palmas and Tenerife, where it was discharged.

The buyers bought a further quantity of meal to fulfil their requirements, but claimed that they had suffered substantial loss because the cargo could not be landed in Cuba.

On the evidence, live *Trogoderma variable* and *Latheticus oryzae* were found on board at Havana. The former was the more objectionable, and was prohibited in Cuba. Although infestation could probably have been controlled by fumigation, the Cuban authorities were not unreasonable to prohibit discharge.

It was agreed by the exports that the Trogoderma did not come on board inside the soya bean meal, so they must either have come on board as passengers with the meal, or been on board when loading began.

The principal site where infestation was found was on top of the cargo underneath some electrical conduit trunking. In that area residues of earlier cargoes had at some stage fallen from the trunking on to the soya bean meal.

On the evidence as a whole it seemed probable that the substantial residues in the trunking were infested before loading. Accordingly, the cause of the prohibition on discharge was the condition of the ship before loading, as opposed to the condition of the cargo when loaded.

The owners argued, however, that they were not in breach of their duty under Article III rule 1 of the Hague Rules, to make the ship seaworthy. Mr Pickering, on their behalf, observed that though they had a duty to make the holds fit and safe for the "reception, carriage and preservation" of the cargo, there was no mention of "discharge" in the rule.

The natural meaning of "seaworthy" was "fit to withstand the perils and insidents of a sea voyage." In *the Aquacharm (1982) 1 Lloyd's Rep 7.12* Lord Justice Shaw warned against any artificial extension of the concept of seaworthiness.

At common law, however, the undertaking of seaworthiness included, under the heading of cargoworthiness, an undertaking that the ship should be reasonably fit to receive and carry the cargo and deliver it at the specified destination. If the ship's condition was such that she was not reasonably fit for those tasks, the undertaking was broken, even if the cargo suffered no physical damage and it was only the adventure that was lost.

The more limited undertaking of "due diligence" in Article III rule 1 used "seaworthy" in the same sense. It would be surprising if a shipowner were obliged to use due diligence to provide holds that were fit and safe for the "reception, carriage and preservation" of goods, but not to provide holds that were fit to discharge and deliver the goods at the specified port of destination.

In *the Aquacharm* a vessel was overloaded so that it could not pass through the Panama Canal, and had to be unloaded and reloaded after canal transit. It was held that the overloading was neglect in the management of the ship or bad stowage, not unseaworthiness.

Mr Pickering, on the basis of that decision, submitted that a ship might be seaworthy even if she could not perform a particular stage of the specified voyage, such as discharging at port of destination.

However, in *the Aquacharm*, the Court of Appeal was deciding that a temporary or minor impediment, such as the necessity for lightening, did not make a vessel unseaworthy.

There was nothing temporary or minor in the impediment which prevented discharge in the present case. The condition of the ship constituted a major and permanent obstacle to completion of the contract voyage.

Accordingly, Good Friend was unseaworthy within the meaning of Article III rule 1. Her unseaworthiness caused the buyers' loss.

The next question was whether the owners had exercised "due diligence" to make the ship seaworthy.

She had been inspected and approved at Hamilton by the Canadian Department of Agriculture, and by a surveyor appointed by the charterers. It was pleaded that the surveyor's approval estopped the buyers from contending that the vessel was unseaworthy.

Had there been an express term in the bill of lading that a surveyor's certificate should be conclusive evidence of due diligence, that would have been invalid (see article III rule 8). In those circumstances there could be no estoppel—at any rate against the buyers who were not the shippers nor original parties to the bill of lading.

In *Riverstone Meat [1961] AC 807* it was held that the obligation to use due diligence was personal to the shipowners, and was not fulfilled if there was negligence by an independent contractor. Mr Gross, for the buyers, argued therefore that if the inspectors or surveyor were negligent, the owners must answer for their negligence.

So severe a test was not acceptable. The inspectors and surveyor were not chosen or employed by the owners, but imposed on them. Their approval must be of some relevance to due diligence.

There were two relevant measures which the shipowners might have taken to make the ship fit for carriage of soya bean meal—cleaning of the holds and fumigation.

The vessel had been treated before and during her ballast voyage to Hamilton with two commonly used insecticides. They might well have been sufficient on a properly cleaned ship, but were not an effective substitute for cleaning.

Residues in the trunking were the major or only source of infestation of Trogoderma variable, but it was not said in evidence that the trunking was cleaned at all on the voyage to Hamilton.

The trunking was initially designed to be grain tight. At some stage it must have been damaged to let the residue in. It was found on the evidence to have been in a damaged condition when the vessel was being prepared for loading at Hamilton.

It followed that there was lack of due diligence on the part of the owners, through their master and crew, in failing to look inside the trunking so as to detect the residues there, and to take measures to deal with them.

The buyers were entitled to $345,949 damages.

A counterclaim by the owners based *inter alia* on the buyers' failure to take delivery of the cargo, and to take adequate and timely steps to arrange for its sale outside Cuba, failed.

For the buyers: Peter Gross (Ince & Co).
For the shipowners: Murray Pickering (Lovell White & King).

By Rachel Davies
Barrister

APPOINTMENTS and CONTRACTS

Top post at GrandMet

GRAND METROPOLITAN has appointed Mr Walter D. Scott to the board as a group managing director, responsible for the U.S. activities of the group from September 1. Mr Scott succeeds Mr Clifford J. Smith who retires from the board of Grand Metropolitan on August 31. Mr Scott will, in addition, be appointed chairman of GrandMet USA Inc which is headquartered at Montvale, New Jersey. Since 1980, he has held the office of president and chief executive at Investors Diversified Services, a major American financial services company, becoming chairman of the board of IDS/American Express Inc in January of this year, after IDS had been acquired by American Express.

★

Mr Richard Ireland, finance director of Wolseley-Hughes, has been elected chairman of the MIDLAND INDUSTRY GROUP OF FINANCE DIRECTORS for the next two years. Mr David L. Milne, finance director of Glynwed International, has been elected deputy chairman. The new secretary is Mr David Branson, also of Wolseley-Hughes.

★

WATERGLADE INTERNATIONAL HOLDINGS has appointed Mr William H. Adams a non-executive director.

★

Mr Barry Harris has been appointed regional director, commercial products for Europe, Africa and Near East by JOHNSON WAX. He was previously general manager of the consumer products homecare division based at Racine, U.S.

★

SHERATON SECURITIES INTERNATIONAL has appointed Mr Nicholas B. M. Kitloe a director.

£8m order for Babcock Power

What is believed to be the UK's largest order for a fluidised bed boiler installation, worth some £8m, has been awarded to BABCOCK POWER by Reed Paper and Board (UK). It is for the design, manufacture, construction and project management of a coal-fired boiler plant at the Aylesford mill in Kent. The boiler plant will consist of five Babcock "Fluidburn" Compo fluidised bed units, each designed to produce 65,000 lb per hour of steam for process use, with final steam conditions of 200 psig at 420 deg F. To permit complete fuel flexibility full output can be obtained using heavy oil. The contract includes civil and mechanical services work incorporating a rail and road coal discharge system, weighbridge and mechanical belt handling to a 1,200-ton coal storage silo.

★

Rank Hovis' Manchester mill at Trafford Park is to be totally re-equipped by HENRY SIMON (a Simon Engineering company) which designed and supplied the original Hovis plant in 1952. In a contract worth over £5m Simon will install two flour milling units with a capacity of about 400 tonnes/24 hours. The highly-automated plant will be operated via programmable logic controllers. The H_2O-KAY installation for wheat conditioning and the advance weighing and blending systems are all microprocessor-based. The milling unit will be equipped with HB sifters and XK rollermills with high-torque twin belt differential drives and water cooling. The process and storage system will incorporate an automated powder additives system, all offal will be pelleted, and all finished products will be handled and delivered in bulk.

★

FERRANTI COMPUTERS has won a £1.5m contract to supply four standard process management systems to Hamilton Brothers Oil & Gas. Systems, supplied by the Wythenshawe division, are to provide comprehensive supervisory control and data acquisition facilities for the Esmond gas development complex in UK Block 43 of the North Sea. The complex comprises two satellite production platforms, Forbes and Gordon, the central production and processing platform, Esmond, and a pipeline to an onshore facility at Bacton. Each location will contain a Ferranti process management system. All are interlinked for distributed process control, the larger dual-processor on Esmond acting as sole operating centre for the whole network when satellite platforms are unmanned. Systems are capable of operating autonomously.

★

BRITISH TELECOM INTERNATIONAL'S satellite earth station at Madley in Herefordshire has won a £1m contract to monitor the performance of the European Communications Satellite, ECS 2, launched by the Ariane space rocket. A new dish aerial at Madley will be used to send a pilot signal to ECS 2 to help other users aim their aerials accurately at the new satellite. The aerial will also monitor transmissions on the satellite's special business services transponder. BTI's other major earth station at Goonhilly in Cornwall is also testing the new satellite to ensure it is working before it enters service.

★

SULZER BROS (UK) has won contracts totalling over £1.4m for heating and air conditioning. The largest relates to the hospital sterilising and disinfecting unit at Leigh Infirmary in Greater Manchester. For Guardian Royal Exchange, the company is replacing mechanical services at Ship Canal House, Manchester. The other three contracts relate to Tesco Stores at Aveley in Essex, Pontypridd and Shrewsbury.

★

Smith Happiways-Spencer Group, owned by Pleasurama has placed coach orders totalling £4m. For delivery in 1985, 57 coaches have been ordered by the Wigan-based tour operator. Manufacturers involved will be Volvo (32), Leyland (25), Plaxton (21) and Van Hool, Belgium (36). The total contract has been placed with the KIRKBY GROUP.

UK COMPANY NEWS

Plessey up to £42m in first quarter

The Plessey Company raised pre-tax profits by 9.8 per cent to £41.97m in the first quarter ended June 29, 1984, compared with £38.21m in the same period of 1983. The order book at the end of the quarter reached £1.72bn, showing a substantial 24.1 per cent increase over the position a year ago.

Turnover for the first quarter improved by 5.9 per cent to £305.23m (£288.25m) and operating profits were up 13.7 per cent from £31.17m to £35.46m. Operating profit margins rose from 10.8 per cent of sales last time to 11.6 per cent.

Despite the generally lower interest rates which prevailed in the period, investment income, less interest payable, remained constant at £5.38m (£5.43m). Share of related companies profits, however, dropped from £1.6m to £1.12m.

Tax charge was £3.19m higher at £16.5m and after minorities, net profits before extraordinary items increased by 4.7 per cent to £25.44m, against £24.3m. Earnings per 25p share improved from 3.31p to 3.46p.

Telecommunications turnover was virtually unchanged at £131.24m (£130.94m), while operating profits rose to £14.91m (£14.47m), representing a small improvement in operating margins to 11.4 per cent of sales. The order book increased by 15.8 per cent compared with last year and now stands at £632.6m.

Electronic systems and equipment achieved sales up 8.5 per cent at £106.53m (£98.18m) and profits were 6.5 per cent higher at £9.01m (£8.46m). The order book stood at £925.9m—an increase of 32.3 per cent over last year.

Aerospace and engineering sales increased by 4.7 per cent from £27.46m to £28.75m. Operating profits were 18.1 per cent better at £4.83m (£4.09m) due to further improvements in operating margins.

Microelectronics and components sales rose by 20.6 per cent to £29.94m (£24.82m), while profits jumped by more than 80 per cent over the same period last year to £4.7m (£2.6m). The order book position in this sector improved by 29.8 per cent to £68.8m.

Computer peripherals lifted sales from £6.85m to £8.77m and profits were £132,000, against £27,000. The contribution from group services was up from £1.52m to £1.87m.

A divisional split of the order book as at June 29, 1984 (at July 1, 1983) shows (in £000s): telecommunication £632,637 (£546,100); electronic systems and equipment £925,940 (£699,800); aerospace and engineering £110,066 (£100,400); microelectronics and components £68,814 (£53,000); computer peripherals £5,508 (£4,900); less inter-company content £24,559 (£19,600).

In the full year to March 30, 1984, the group lifted pre-tax profits to £176.14m (£146.36m), on turnover of £1.22bn (£1.07bn).

See Lex

HIGHLIGHTS

The final banking figures confirm the strong position of the PSBR as Lex examines the outlook for base rates in the light of the ½ per cent fall in intervention rates. The column considers a similar cut is imminent. Royal Insurance made some headway in the second quarter and, while that was not enough to correct the first quarter shortfall, Lex looks at the prospects for higher premium rates in the U.S. The column also looks at the progress made by Plessey in its first quarter and notes impact of its growth plans on cash flow which has now turned negative for the first time in many years.

Victor Products setback

THE EFFECT of the miners' strike on Victor Products is serious. Its profit for the year ended April 30 1984 has tumbled from £1.81m to £1.11m before tax, and "any prospect of profit in the first half of the current year now looks remote."

Victor makes industrial and mining equipment, with nearly 40 per cent of business normally coming directly from the NCB and a further 5 per cent indirectly through other mining equipment manufacturers.

However, while the picture overall is far from satisfactory, the directors feel the underlying trends are good and they have no reason to doubt a return to acceptable levels of profitability reasonably soon after the strike is over. They are maintaining the dividend at 4.6p net per share with a final of 3p.

In the first half of 1983-84 profits had already shown a downturn, and this accelerated by some £400,000 in the second six months to leave the year's shortfall at nearly £700,000. This is offset by lower tax of £204,000 (£544,000), but there is this time an extraordinary debit of £289,000 being a combination of drilling and connector activities, involving redundancy and removal costs.

TDG's £9.9m in slow first half

PROFITS before tax at Transport Development Group, road haulage, storage, plant hire and transport concern, moved ahead from a restated £9.22m to £9.87m in the six months to June 30 1984.

At the end of the last full financial period, reporting a profit rise to £20.98m (£18.33m), the directors said that although the current year would start slowly, an overall improvement was likely.

An increase in the interim dividend from 1.5p to 1.6p net per share is announced. The total for last year was 5p. The company gives its earnings per share as 4.67p against 4.22p, before an extraordinary debit of £967,000 (credit £634,000).

The result this time (comparables restated to reflect exchange rates as at the last year end) was achieved on turnover which increased by some £21.06m to reach £197.39m.

Operating profit came out at £13.18m against £11.85m.

A divisional breakdown of operating profit in the UK reveals the following: road haulage £2.51m (£3m); storage £4.61m (£4.21m); plant hire and other transport services £751,000 (£506,000); reinforcement and exhibitions £718,000 (£445,000). Activities in the UK contributed £8.59m (£8.16m) to the operating surplus.

Overseas a similar analysis shows: road haulage £3.95m (£2.54m); storage £1.45m (£1.32m); plant hire and other services £9,000 (£74,000); reinforcement and exhibitions loss £820,000 (loss £246,000). Operations abroad contributed £4.59m (£3.69m), despite a loss of £183,000 (profit £192,000) in N. America.

Commenting on the results, the directors state that in the UK, road haulage and storage activity increased. The overnight express freight business, established last October, is operating well, but remains some way from profit; initial losses have detracted materially from an overall improvement in road haulage results. The situation of the UK reinforcement companies, very difficult in the first six months, has stabilised, and is now beginning to improve.

The European transport companies continued to move ahead strongly

In North America, the west coast transport business raised profits to record levels at the turn of the year; intense competition is making it difficult to sustain that level at the present time, but services are expanding.

By the end of the half-year, recovery of the U.S. reinforcement business had begun. The second half will not only see the company back in profit, and enable it to eliminate the losses of the first six months, but should also produce a surplus for the year.

The tax charge was slightly higher for the period at £3.56m (£3.45m), but minorities took only £41,000 (£127,000).

● comment

Just as TDG gets one part of its operations right, another seems to run into problems—one of the hazards of covering six industries spread over three continents. Strong recovery by the North American, European haulage and Australian companies was diluted by a larger than expected loss from North American steel reinforcement and an £800,000 start-up loss at the new night express freight business. That left group pre-tax profits up by just 7 per cent, which indicates a significant slackening in the pace of recovery since the previous interim stage, when profits rose by 11 per cent. Independent Express should break even by the year end as volumes build up, while Canadian steel reinforcement capacity has been reduced enough to return it to the black by 1985, and U.S. trucking should continue to race ahead with its new acquisition. The group feels the steel reinforcement industry has passed the worst, so TDG's component parts could now be starting to pull in the same direction. Around £24m pre-tax looks in reach for the year, which leaves the shares down 3p to 93p, on a multiple of 7.9—assuming 35 per cent tax—and a prospective yield of 8.7 per cent.

MS Intl. recovers strongly to £2m

MS International, the mechanical, mining, electrical and electronic engineering group, turned round from £1.78m losses to pre-tax profits of £2.04m in the year to April 28 1984. The company believes that its medium and long term prospects are good, but it is reluctant to be more specific in the short term.

At the interim stage, the company, formerly known as Mining Supplies, reported a return to profitability with a pre-tax surplus of £819,000 (£952,000 loss).

Full year earnings per 10p share came out at 6.7p (6.8p loss). However, in view of the uncertainty about the duration oft he miners' strike—which affects the company directly and also indirectly as part of the national economy—the dividend for the year remains unchanged at 0.1p net.

Turnover improved from £63.77m to £65.1m, while pre-tax results were after lower interest charges of £1.85m, against £2.02m. There was a tax charge this time of £425,000 (£154,000 credit). After extraordinary debits of £735,000 (£2.26m) and an £878,000 (£1.56m) transfer from capital reserve arising on consolidation, attributable surplus was £1.75m, compared with a £2.32m deficit.

The extarordinary items comprised closure and rationalisation costs of £943,000 (£2.26m); net settlement of investigation £466,000 credit (nil); settlement of damages claim relating to prior years £188,000 (nil); and additional deferred tax provision £446,000 (nil).

The company says that since the new management team took over 18 months ago, considerable effort has been made to restructure the group in the most efficient form. Progress will be reviewed in detail in the annual report.

● comment

At first blink, the ability of MS International to operate normally so far this summer comes as something of a surprise. But it is worth noting htat the NCB normally accounts for only about one-fifth of turnover while the CEGB has brought forward many of its repair orders in its mothballed coal-fired plants. One of the more pleasing aspects of the Laurence Scott acquisition, over the longer term, is the considerably broader spread of the customer base even if the obverse has been a balance sheet which is still in need of considerable strengthening. The hefty level of income gearing explains the decision to pay only a notional dividend again but, most of all, management is now peering into a vacuum. The CEGB repair ordering was good only up until the end of last month and the big overseas orders in the Doncaster plant are now crossing the weighbridge with no hint, short term, that they are going to be replaced. So, in a very real sense, the share price has to remain in limbo until the strike is resolved. In normal times, the group would have regarded this strong recovery as the base year in a programme designed to build a track record and to lay the ground for the necessary rights issue. But these are not normal times in South Yorkshire and it would be fatuous to adopt the stock market adage of "buy on a strike."

Gelfer pays more

A. & J. Gelfer, maker of men's ties and headgear, has maintained its profit at almost £1.1m for the year ended March 31 1984, compared with £1.05m. The dividend is lifted from 4.5p to 4.9p net, with a final of 3p.

Turnover for the year came to £6.06m (£5.73m). The profit was struck after depreciation £133,000 (£117,000) and included investment income £197,000 (£209,000). After tax £482,000 (£479,000) the net profit is £615,000 (£569,000) for earnings of 9.84p (9.11p).

TR Energy result

TR Energy announces that, in response to the issue of up to £7,839,154 8 per cent convertible unsecured loan stock 1997-2001 offered by way of rights £3,797,515 (48.4 per cent of the stock provisionally allotted) was taken up by shareholders. The balance will be taken up by underwriters.

T. Clarke falls

Electrical contractor T. Clarke has suffered a setback in the first half of 1984. After a good start to the year, the directors are reporting a mid-term profit decline from £392,569 to £268,228. Turnover was up from £9.89m to £11.57m.

After tax £135,100 (£214,000) the net profit came out at £133,128 (£178,569), equal to 1.354p (1.816p) per share; and the interim dividend is held at 0.7p. The company is controlled by Electrowatt, itself a subsidiary of Credit Suisse of Switzerland.

Royal £1.9m in the red as underwriting losses bite

MORE EVIDENCE that the UK insurance industry is going through its worst ever trading period came yesterday when Royal Insurance Group announced a £1.9m pre-tax loss for the first six months of this year on its worldwide business, against a profit of £50.1m for the comparable first half.

A second quarter pre-tax profit of £18.5m failed to cover the £20.4m loss in the first quarter.

Deteriorating experience in the U.S., UK and Canada sent underwriting losses in the half-year soaring 70 per cent from £99.3m to £169.3m worldwide. An 11.3 per cent growth in total investment income, 6 per cent after allowing for exchange rate changes, to £250.6m, left a significant shortfall.

Higher life profits, up from £8.2m to £10m, and associated companies' profits, up from £5.8m to £6.8m, failed to bridge the gap.

A £3.2m tax charge brought the net loss to shareholders to £5m — a loss per share of 2.1p.

Nevertheless, the interim dividend is being modestly increased from an equivalent 8.4p to 8.75p.

Business grew steadily over the period, with total general insurance premiums rising 9.4 per cent from £968m to £1.06bn — the underlying growth rate being 5½ per cent.

An 8 per cent drop in premium income in the U.S. was more than covered by a 15½ per cent growth in the UK and the rest of the world.

Conditions in the U.S., the main premium territory accounting for 38½ per cent of total premium volume, remained very poor. Underwriting losses rose from £72.5m last year to £112m.

The operating ratio in the first half of the year rose from 114.5 per cent to 123.4 per cent with the claims ratio rising from 81.5 per cent to 89.2 per cent and the expense ratio from 33 per cent to 34.2 per cent. However, the operating ratio in the second quarter was 121 per cent, down from 126 per cent in the first quarter.

The deterioration came in the commercial lines with continuing poor experience in multi-peril and automobile business and a substantial worsening in workers' compensation and general liability accounts.

There was some improvement in personal lines, with better experience in automobile business. Severe weather losses over the half year amounted to £30.2m against £20m last year, with losses in the second quarter being similar to those of the corresponding period last year.

Mr John Howard, Royal's chief general manager, said that rate increases on commercial business in the U.S. were now coming through without too much loss of business.

He believed that the cycle in the U.S. had at last turned and that while this had come too late to affect this year's results, there would be continuing improvement next year and in 1986.

Royal will continue its policy of selectivity in taking business. Mr Howard warned that below average risks will be hard to place in the market. And the reorganisation of expense cutting will be taken a stage further with the relocation of the U.S. head office from New York to Charlott, North Carolina.

Work will start on the Greenfield site of the new head office in a few weeks and completion is expected in mid-1986. Around 1,000 people will be moved, saving 400 jobs in the process.

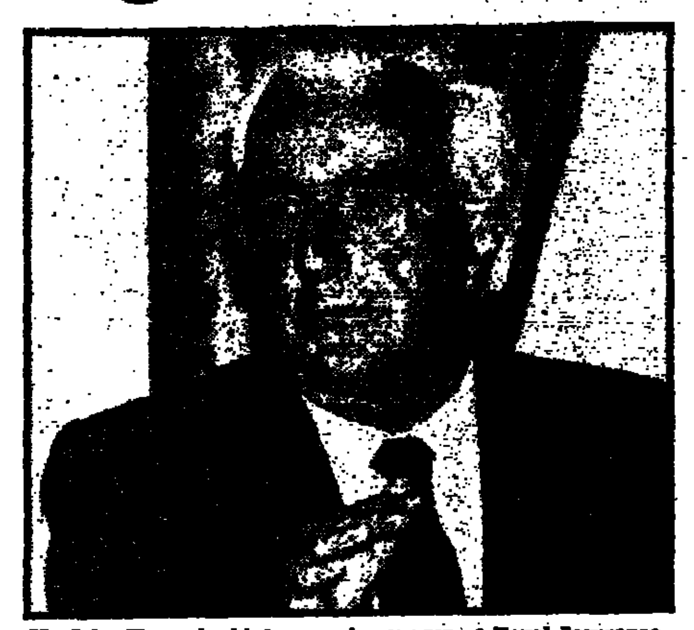
Conditions improved strongly in the UK in the second quarter, with an estimated small underwriting loss of £500,000 against losses of £26m in the half year—more than double the £11.7m in the first half of last year.

Half the UK underwriting losses came from the householders account, hit first by severe weather in the first quarter with claim payments more than doubled to £41m. Secondly it is being affected by rising incidence of subsidence claims. The company has paid out £8½m in the first six months —50 per cent more than last year on claim numbers up by a third.

The deterioration continued in Canada with underwriting losses rising from £2.6m to £15.6m. Premium volume rose slightly but the commercial accounts were most affected.

Elsewhere, business remained strong in Australia, and worsened slightly in the Netherlands.

See Lex



Mr John Howard, chief general manager of Royal Insurance . . . deteriorating underwriting experience in U.S., Canada and UK

More resolutions from Lonrho

Lonrho has added to its growing list of resolutions which it intends to move at the House of Fraser annual meeting on September 28.

Yesterday, Lonrho lodged a requisition containing two resolutions with Fraser bringing the running total up to 21, of which seventeen have been or are to be withdrawn.

The latest two resolutions request Fraser directors not to take certain decisions affecting Harrods during the current Mergers and Monopolies Commission reference, and are framed in such a way that they will have no binding effect even if passed.

They are intended to replace two similar resolutions previously requisitioned which, for legal reasons, would have been required to be moved as special resolutions needing a 75 per cent majority of the votes cast.

A Fraser spokesman said: "One of the original resolutions would strictly speaking have required Harrods to close for the duration of the MMC reference. The new resolutions remain irrelevant and ill-advised and should be withdrawn.

"The House of Fraser board has made it clear that it favours preservation of the status quo until the MMC has reported and in any event the MMC is not enquiring into the future of Harrods."

TVS in £8m loan stock issue

BY ALISON HOGAN

Television South is to raise £8m through the issue of subordinated convertible unsecured loan stock 1997.

It is raising the money to pay off £8m of existing loan stock, which from November 1 will carry an annual interest rate of 20 per cent rather than the present 14 per cent.

The remaining funds will be used to expand the company's programme-making plans and make greater use of its recently completed studio and technical facilities.

The new loan stock will yield interest at an annual rate of 10 per cent per £100 nominal, payable in half yearly instalments. The offer is open to ordinary non-voting shareholders and will be convertible between 1988 and 1997 into 67 ordinary non-voting shares of 10p.

Given the issue of the convertible loan stock at par, on conversion the non-voting shares will be acquired at the equivalent of 149.3p per non-voting share.

TVS forecasts a final dividend of 3p net making 5p for the year. The directors also announce that the company is to transfer from the USM to a full listing where dealings are expected to begin on September 14 1984.

Applications for the loan stock are due by September 7. Brokers to the issue are Capel Cure Myers.

● comment

With the 20 per cent interest charge on existing loan stock coming up in November, TVS had to do something to save on interest charges against which there is no levy relief. Yesterday's issue seems a sensible solution though there will inevitably be some dilution of earnings per share. It has managed to attain 10 per cent of total net advertising revenue throughout the country, overtaking Yorkshire TV one of the five regional networks. It must now be setting its sights on becoming a regional network sometime in the future. The development of a thriving programme making facility, geared to international sales, seems a sound strategy in the mean time. The shares slipped 4p to 122p on the news but prospects in the medium term look good.

BSR to sell Swan Housewares

BY LORNE BARING AND LISA WOOD

Swan Housewares, the domestic products division of the audio and electronics company, BSR International, which recently moved its headquarters from the UK to Hong Kong, is to be sold by agreement to a company with similar interests.

The proposed sale of the business, with its Swan brands of kettles, pans and teasmade, follows increasing emphasis by BSR on high technology electronics production in the Far East.

Mr Frank Brown, BSR's UK managing director, said yesterday that it was hoped the sale of Swan and other non-strategic businesses would raise £15-20m by the end of the year for investment in new ventures.

BSR, he said, was now very much an electronics group and its strategy was to build on that strength.

"Over the past two years," he said, "we have worked hard to build Swan's market profile but it is very separate to that which we are building for BSR which is that of providing key components to the electronics industry."

Swan, said Mr Brown, could perhaps be able to expand at a more rapid rate with a different partner. "We have sought to find who we think are potentially interested parties," he said, "and we have been fairly selective about who we have been speaking to."

BSR bought the Swan brand in the early 1970s from Bulpitt, which made kettles and other domestic appliances including vacuum cleaners under the Goblin brand. Earlier this year the Goblin brand name, together with the associated vacuum cleaner business, was sold to Shop-Vac (UK).

The Swan business started with traditional kettles and saucepans which was supplemented over the years with a wide range of products such as toasters, deep fryers, teasmades and the electric jug kettle. In the past two years Swan's overall output has increased by around 50 per cent and turnover has risen from about £26m in 1982 to £40m this year.

Swan is the largest UK producer of electric kettles, turning out around 30,000 a week from two factories in the West Midlands and is also the country's largest manufacturer of pots and pans, according to Mr Jim Cadman, managing director of Swan Housewares.

The UK market for kettles, with an estimated 5m unit sales, is highly competitive although it is a market which has shown a considerable buoyancy over the past 18 months, according to the Association of Manufacturers of Domestic Appliances.

In a market still dominated by UK manufacturers, growth has been stimulated recently with the introduction of the jug kettle in 1978. The degree of competition can be illustrated by the fact that some 11 new brands have been introduced into the UK market since the jug kettle was launched in 1979 by Redring, the domestic appliances manufacturer.

Chamberlain Phipps

The momentum generated by Chamberlain Phipps last year had continued. Mr Frank Chamberlain, chairman, told the annual meeting. He was confident that satisfactory growth would be achieved during the year as a whole.

Sales and profits for the first quarter were in line with budget and showed "a significant increase" over the corresponding quarter last year, he said.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AGB Research	4.8	Oct 29	4.2	8	7
Anglo-Intnl. Trust ....int.	3	Oct 8	2.5	—	6.5
T. Clarke ....int.	0.7	—	0.7	—	2.12
A. & J. Gelfer	3	Oct 8	2.7	4.9	4.5
Hill and Smith ....int.	1	—	0.91*	—	3.18*
Independent News ...int.	4	—	4	—	11
MS International	0.1	Oct 3	0.1	0.1	0.1
Louis Newmark	7.5	—	7.5	12	12
Ratcliffs (Gt Bridge) int.	1	—	0.75	—	1.75
Royal Insurance ......int.	8.75	Jan 3	8.4*	—	22.8*
Transport Dev. ......int.	1.6	Nov 7	1.5	—	5
Victor Products	3	Oct 3	3	4.6	4.6
Waring & Gillow	1.25	—	1.25	2	2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

UK COMPANY NEWS

AGB Research shows £1.8m profit advance: 50% earned abroad

WITH THE overseas side contributing more than 50 per cent for the first time, profits before tax of AGB Research have advanced from £6.04m to £7.83m in the year ended April 30 1984. The dividend is stepped up 1p to 8p net per share, with a final of 4.8p, and there is to be a 1-for-3 scrip issue.

The directors state that the profits indicate generally satisfactory progress, and this has been achieved from existing businesses. There were no acquisitions during the year that have made a contribution, although the company's share of the profits of the SRG Group are taken in for a full year for the first time. The overseas market research companies have continued to make "excellent progress."

Profit includes a net exceptional credit of £345,000. This arises from refinements in the valuation of work in progress as reduced by additional depreciation of computer software and redundancy and other non-recurring costs.

In consequence of the better overseas figures the tax charge is up from £2.1m to £3.07m and is also affected by the changes in the Finance Act. After minorities £744,000 (£659,000) the attributable profit comes out at £4m (£3.28m) and earnings are 13.29p (12.75p) per share. This time there are extraordinary debits of £679,000 comprising relocation and reorganisation expenses in the publishing group, £503,000, net of tax relief, and provision against investment in associate of £176,000.

Turnover moved ahead from £63.35m to £80.15m. A breakdown of the pre-tax profit shows, in £000s: market research £6,325 (£4,649); publishing £283 (£195); information systems £576 (£582); marketing services £643 (£612). Information systems activities integral to television audience research have been included in the market research figures, and the comparisons adjusted.

● comment

The market was disappointed with the preliminary figures of AGB. They fell a little below the £8m pre-tax figure which had been expected and would have been lower still but for a £345,000 credit taken above the line, while an extraordinary debit of £679.000 was taken below the line. The tax charge was also higher than anticipated at just under 40 per cent, because of a higher level of overseas earnings, mainly from the U.S. and Australia which both performed well. AGB has tackled weaker areas of the group. Publishing and information systems have undergone some reorganisation and AGB continues to develop its U.S. audience measurement business which has good growth potential in the next couple of years. Profits in the current year will benefit from some of these non-recurring expenses. The shares fell 22p to 308p yesterday, where they sell on a quite demanding PE of 23.

York Trailer confident as profits jump 210%

GREATLY IMPROVED profits have been achieved by York Trailer Holdings in the six months ended June 30 1984, showing a 210 per cent rise from £83,000 to £258,000. And for the second half the directors are expecting the figure to be better.

Payment of the preference dividend for six months will be made in December, and at the same time consideration will be given to making a start on paying the accumulated arrears which stood at nearly £548,000 at end June. The company is controlled from Canada.

The company returned to profit in 1983 (£506,000 for the year) after several years of losses. In the half year just finished the advance stemmed mainly from the increased sales of trailers in the home market at better margins. Sales remained depressed in the principal export markets of the Middle East and Africa and this meant that Anthony Carrimore, the hydraulics company, still suffered losses, though on a much reduced scale.

On prospects, the directors report that the Northallerton plant is working to capacity with the largest backlog since 1979. All of the truck equipment branches are busy. Most important of all "we can forecast an end to the losses at Anthony Carrimore during the second half year, based upon an excellent improvement in the order intake coupled with further economies."

Turnover in the first half came to £11.78m (£11.53m), and the operating profit to £398,000 (£257,000) after interest charges of £140,000 (£174,000). There is no tax and earnings are shown at 1.63p (0.04p) per share.

Waring & Gillow ahead to £0.3m

REFLECTING a continuance of the steady improvement noted at midway, profits of Waring and Gillow (Holdings) for the year ended March 31, 1984, came to £314,000, and the dividend is held at 2p net per share with a final of 1.25p. In the previous year the group incurred a loss of £477,000.

The directors of this group of furniture and carpet retailers, which includes Maples, concede this is not yet a return to satisfactory profits. Six months ago they said they were looking for a steady growth in profitability rather than an immediate or dramatic rise.

As regards the current year they report a slow start, but tell shareholders that business during the summer sale has shown "a distinct increase" over that of last year.

Turnover for the year rose from £90.73m to £93.18m, net of VAT, and the operating profit from £704,000 to £1.67m. To this is added profit on sale of assets £160,000 (£424,000) and investment income £47,000 (£46,000), and deducted interest charges £1.5m (£1.59m) and exceptional debits £66,000 (£76,000) relating wholly to retail outlet development.

There is a tax credit of £88,000 (£1.52m) and minorities of £19,000 (£17,000), to leave the attributable profit at £421,000 (£1.06m) for earnings of 2.7p (6.78p) per share. In addition extraordinary credits come to £16,000 (debit £81,000), made up of deferred tax release following corporation tax rates reduction in the Finance Act £158,000, less loss on sale of subsidiaries £140,000. Cost of the dividend is £312,000.

● comment

Waring and Gillow is still floundering in the marketplace, unable to find a niche for its somewhat outdated image and product range. True, there has been a recent attempt to appeal to younger customers coupled with the "Unbeatable Price Promise" campaign orchestrated by Saatchi and Saatchi, but the dismal second half—normally the more profitable period—shows that the impact on sales has been minimal. What went wrong over the important Christmas season is not adequately explained but it is becoming increasingly evident that management is paying only lip service to its fundamental problems. These are both structural and product-orientated. In the first place the company has remained a High Street operation while the furniture trade has increasingly moved out to edge-of-town locations. Secondly, it has an ageing clientele, with the recent attempts to modernise the product range looking only half-hearted. The current share price of 123p, giving a p/e of nearly 50, hardly reflects the trading position or prospects. It owes everything to bid speculation, which is centred on the company's 150p per share net asset value.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Algemene Bank Nederland, Ault and Wiborg, Gaskell Broadloom, Northern Goldsmiths.

Finals: Pilco, Wholesale Fittings.

FUTURE DATES

Interims—
Bryant (Derek) .... Aug 20
Early's of Witney .... Sept 14
Emray .... Aug 20
Hayters .... Sept 6
Highlands and Lowlands .... Aug 30
Paramba .... Aug 23
Sun Alliance & London Insur. .... Sept 5
Weir Group .... Aug 29

Finals—
Vecta Stone .... Aug 30

Positive recovery under way at Ratcliffs

A POSITIVE recovery is under way at Ratcliffs (Great Bridge) and the directors of this manufacturer of brass and copper strip say this improvement is expected to continue in the second half of 1984.

In the first six months, the company made pre-tax profits of £806,200, compared with £62,900 losses last time which included redundancy costs of £144,500.

The result was made up of parent company profits of £176,200 (£363,300 losses) and subsidiary profits of £630,000 (£300,400). Buoyant trading conditions in North America enabled the Canadian offshoot to turn in record half-year earnings.

The net interim dividend is lifted from 0.75p to 1p per 25p share — last year, a total of 1.75p was paid on £311,000 pre-tax profits.

Group sales climbed from £19.34m to £24.73m in the first half. Tax charge was £319,000 (£161,300) leaving a net profit of £487,200, as against a £224,200 loss before. Earnings per share were 9.55p (5.25p loss).

Anglo-Intl. Trust

For the half year ended June 30 1984 the Anglo-International Investment Trust has pushed up its pre-tax revenue from £321,623 to £372,312. At that date the net asset value had also improved, from 442p to 540p, after being 472p at the end of 1983.

The current interim dividend is lifted from 2.5p to 3p net, but the directors stress this does not imply an increase of the same proportion in the total—6.5p was paid last year. After tax £132,272 (£113,876), the half year's net profit came to £240,040 (£207,747).

Newmark hit by collapse of textile customer

THE COLLAPSE of a textile machinery customer creamed a near-third off Louis Newmark's taxable result covering 12 months to March 31, 1984.

Camber International (England), which went into receivership in December, resulted in Newmark making a total allowance of £351,000 for bad debts and redundant stock.

This completely wiped away an underlying 26 per cent advance on a 12.5 per cent rise in turnover to £33.4m and left Newmark with a lower pre-tax profit of £771,000, compared with £891,000. Had it not been for Camber then profits would have amounted to £1.12m.

However, exceptional debit relating to Camber was lower than directors had previously indicated. They point out that the success of the receiver in finding a purchaser for Camber's assets, enabling trading to recommence, meant that an original provision of £150,000 against potentially redundant stock proved to be excessive and was subsequently cut to £55,000.

When reporting results for the first six months—profits fell from £610,000 to £291,000 after a £296,000 provision for Camber—the directors said that except for the immediate problems being experienced in textiles, as predicted by the chairman last September, other divisions of the group were all showing improvements. At that stage the board was confident that profits for the year would reach £1m before exceptional items.

While Newmark's directors now say that the commercial side of the company's business is currently making steady progress both in growth and profitability they warn that delays caused by changes in the international defence policy field could have an adverse effect.

Consequently they feel that they should take a prudent view on current year prospects and forecast a taxable result not dissimilar to the one now reported—£1.12m before Camber.

Shareholders in this electronic and precision engineer and watch distributor will receive an unchanged final dividend of 7.5p, which holds the total payout for 1983/84 at 12p.

Earnings per share rose by 1p to 21p, reflecting the favourable effect of stock relief which reduced the tax bill by £335,000 (£259,000) to £107,000 (£263,000).

In addition to this, Newmark benefited from this year's Finance Bill which threw up an extraordinary credit of £552,000 following a recalculation for deferred tax (£88,000 debit for closure of factory).

Hill & Smith improvement

After first-half results which showed a "significant improvement" in pre-tax profits to reach £702,000, Hill and Smith Holdings indicate that similar figures should be achieved in the second half.

The figure for the six months to March 31 1984 is set against a comparable £252,000 for the company, a steel stockholder and manufacturer of fabricated products and drop forgings.

In the last full year a better second half lifted the group to £1.01m against £1.08m previously.

The interim dividend is effectively raised from 0.91p net per share to 1p. The total last time was 3.18p allowing for a one-for-ten scrip issue.

Turnover also improved, from £8.34m to £11.08m. After tax £250,000 (£80,000) and an extraordinary debit of £8,000 last time, earnings per share came out at 4.54p against 1.73p.

UK COMPANY NEWS

Lincroft rejects new Finlan terms

BY ALEXANDER NICOLL

John Finlan, the building and development group headed by Mr Graham Ferguson Lacey, yesterday made an increased offer—including a cash sweetener—for Lincroft Kilgour, the textile and investment concern.

Lincroft called it "wholly unacceptable," and urged shareholders to withdraw their acceptances. By the second closing date on Wednesday, Finlan had won acceptances representing 13.04 per cent of Lincroft, in addition to the 23.79 per cent it already owns.

Finlan's bid, which has produced acrimonious exchanges including personal attacks and charges of asset-stripping, is effectively a rights issue which will substantially expand its capital. It plans to sell off divisions of Lincroft through management buy-outs, and to use the acquisition to reduce its borrowing and aid further expansion.

Finlan had been offering 50 of its shares for 41 Lincroft. Its new offer is 55 shares plus 615p in cash for 41 Lincroft shares, plus payment of the 1.5p interim dividend announced by Lincroft. Finlan forecasts a 20 per cent increase in its 1984 dividend.

At Finlan's closing price yesterday of 90p, unchanged, the offer values Lincroft at 137p per share or £8.3m. The shares rose 7p yesterday to 122p.

Finlan's own market value is £10.3m.

Lincroft, which has become to a larfge extent an investment managed company committed to its textile activities, has backed its defence with a forecast of over £1m in pre-tax profits in 1984, 44 per cent up on the previous year. It has promised a 67 per cent increase in the 1984 dividend to 5p.

Finlan has made no profit forecast. But Mr Lacey said in a letter to Lincroft shareholders:—

"A combined Finlan and Lincroft dedicated to investing its resources in sound property investment opportunities will provide . . . a holding in a financially strong and well-managed company committed to sustained dividend growth and profitability."

Mr Lacey and three other directors joined the Finlan board this year. He is non-executive chairman. Mr John Finlan, deputy chairman, says that he and Mr Gerald Ames, managing director, still have executive control.

The offer expires finally on August 31.

Losses cut as Parkfield heralds recovery

LOSSES AT Parkfield Foundries were cut from £206,183 to £64,706 before tax in the year to April 29, 1984, and the directors of this supplier of high-duty castings consider that a turnround in the company's fortunes has started.

At the trading level there was a small profit of £35,700. None of the benefits of the merger of the heavy and light foundries is reflected during the period, while excessive costs were incurred during March and April as a result of the miners' strike.

Turnover progressed from £3.33m to £3.57m. Current demand from both traditional and new customers is fairly strong, and the company hopes to maintain full-time working and trade at higher levels of profitability.

The company, a USM stock, has not paid a dividend since the 1981-82 year, and the directors cannot recommend a payment for the year under review. They add, however, that they are confident that at the interim stage in the current year they will be able to give some "positive news" about a resumption of payments.

At the year end, the company's net debt to equity ratio had been reduced to 22 per cent compared with 76 per cent, and directors expect the liquidity position to improve in line with the return to profit.

A tax credit of £11,761 (£136,411) cut the net loss to £52,945 against £69,772, before an extraordinary debit sharply reduced from £54,673 to £7,731—redundancy payments and deferred tax credits.

The attributable loss was halved to £60,676 (£124,445), and the company quotes losses per share at 1.12p, down from 1.74p.

During the year the group obtained quality assurance for the purpose of undertaking specialist nuclear work. The directors state that this has already born valuable fruit with the award of four sizable contracts for delivery commencing this year.

In another move, Parkfield has agreed with Mr Robin Gonshaw to acquire his future property development interests. Mr Gonshaw has carried on the business of developing high quality residential property in London for a number of years.

Mr Gonshaw and his key associate executives will enter into service contracts with the new company, which will handle all future UK developments.

Consideration will be satisfied by the issue of 150,000 new Parkfield shares, to be followed by the further issue of up to 1.6m shares, subject to agreed profitability platforms.

Premier Oils £65m loan to finance Wytch stake

By Dominic Lawson

Premier Consolidated Oilfields, the UK independent oil exploration company, has signed a £65m project facility loan to finance the acquisition and development of its 12.5 per cent stake in the Wytch Farm oilfield, the largest onshore oilfield in Europe.

The loan will cover the £21m initial payment by Premier, and also a second stage payment of £32.5m once the field's production reaches a level of 20,000 barrels of oil per day.

Production is currently running at 4,500 bpd, but the field's operator, British Petroleum, plans to increase production to 40,000 bpd or more.

Premier's loan is secured on the cash flow from the Wytch Farm field, which Premier's chairman, Mr Roland Shaw, described yesterday as "a gratifying mark of the bank's confidence in the potential of Wytch Farm." The lenders include Marine Midland, International Energy Bank, Canadian Imperial Bank, Bank of Scotland, Morgan Grenfell and Barclays Bank.

Although the loan is worth £65m if fully exploited, Mr Shaw said yesterday that he did not expect Premier would need to call on more than £50m from the banks.

Sun Alliance

Sun Alliance can now lay claim to 89.15 per cent, including the 7 per cent holding of Friends' Provident Life Office, of Phoenix Assurance's share capital.

S. & U. Stores makes revised capital reorganisation proposal

THE DIRECTORS of S. & U. Stores, the Birmingham-based consumer credit, retail cash trading and clothing manufacturing group, are to seek shareholders' approval to a revised capital reorganisation proposal. Certain institutional shareholders have already indicated approval.

The proposal comprises an alteration to the rights attaching to the cumulative participating preferred ordinary shares, by their conversion into cumulative preference shares carrying a net dividend at the rate of 31.5 per cent per annum, and an issue of warrants to holders to *subscribe for ordinary shares.* The shares would be re-named 31.5 per cent cumulative preference shares.

In July 1983, proposals were announced to convert the cumulative participating preferred ordinary shares into 28 per cent cumulative preference shares and to make an issue of warrants to subscribe for ordinary shares. These proposals were later defeated.

Following this defeat, the board said that the possibility of a restoration of dividend must be considered unlikely for some time. No dividend has been paid on the preferred ordinary shares or the ordinary shares since 1975, but payment of dividends on the 4.2 per cent preference shares has been maintained in every year.

S. & U. reported lower pre-tax profits of £725,000 in the year to March 31 1984.

Because of the lack of available profits and prior commitments in respect of bank borrowings and directors' loans, there are arrears in respect of the fixed dividends payable to the holders of the preferred ordinary shares, amounting at January 31, 1984 to £677,407 net. These, together with the current associated tax credit, would amount to £967,724 gross.

Hill Woolgar & Company, the company's financial advisers, have, as part of the arrangements, conditionally agreed to make available a cash offer to preferred ordinary holders who request it, of 38p per 31.5 per cent preference share ex-dividend plus the entitlement to a quarter of a warrant). This represents *approximately 40p per share* with the inclusion of 1.97p, being the first net dividend which it is proposed to pay assuming approval of the proposal.

MINING NEWS

Peko and EZ rank for ERA dividends

BY KENNETH MARSTON, MINING EDITOR

FOR Australia's Peko-Wallsend and EZ Industries a milestone *has been reached with the news* that Energy Resources of Australia (ERA) has raised its final dividend to 7.5 cents, making a *total of 12.5 cents (8p) for the* year to June 30 against 10 cents for 1982-83.

Peko and EZ each own 30.5 *per cent of the uranium-produc*ing ERA in the form of "A" shares which were not entitled to dividends until the company's *earnings justified a 12.5 cent* annual payment. Now that this stage has been reached the partners will gain additional dividend income of A$9.37m this year.

ERA, which runs the big Ranger uranium mine in the Northern Territory, has a policy of distributing at least 75 per cent of net earnings. These were little changed at A$57.49m *(£36.8m), or 14 cents per share* in the year to June 30, compared with A$57.39m in the previous year which was the first full *year of operations.*

Profits of the company have been substantially better than the projections that were made *for feasibility and financing* studies. In 1980 the Australian public was offered 57.5m shares, or 14 per cent, at a price of A$1 *per share in the biggest equity* flotation made Down Under.

The offer was heavily oversubscribed and in the first day of dealings the shares opened at A$3 before closing at A$2.65. Yesterday they were around A$1.62. Peko were 304p and EZ, for which North Broken Hill has been bidding, were 407p.

IN BRIEF

Australia's CRA is reported to have signed for a US$150m (£113.6m) commercial paper issue. It is supported by letters of credit issued by the New York agency of Fuji Bank. The issue is the main component of a US$235m limited recourse financing announced in March to fund CRA's 56.8 per cent stake in the Argyle diamond venture in Western Australia.

* * *

Tanjong Tin Dredging reports an estimated loss before tax and exchange adjustments of £155,000 for the six months to June 30 against a loss of £102,500 a year ago.

The Malaysian tin producer says that the dredge continues to operate in low-grade ground.

* * *

Tin concentrate production is keeping up quite well at Gopeng considering the International Tin Council's export controls.

The July figure of 111 tonnes makes a total for the first 10 months of the current financial year of 1,209 tonnes against 1,289 tonnes a year ago. Mambang Di-Awan has reached a seven-month total of 223½ tonnes against 228 tonnes.

* * *

The South African Gencor group's Genbel Investments (formerly Gencor Investment Corporation) which was created by last year's merger of UC Investments and Sentrust has made a net profit of R59m (£29m), or 182.6 cents per share, in the 12 months to June 30. A final dividend is declared of 85 cents which makes a total for the year to June 30 of 150 cents on the capital increased by 12.8m shares to 32.3m shares as a result of the acquisition of Sentrust.

* * *

Australia's Black Hill Minerals says that a "very profitable" open-pit gold mining operation *is possible on the basis of a* bullion price of around A$400 (US$336) per ounce at the Kalgoorlie Project in Western Australia.

Reserves are put at 4m tonnes grading an average 3 grammes gold per tonne. Black Hill has a 45 per cent stake in the prospect with Australian Occidental holding 55 per cent. A decision on whether to go ahead with mining is awaited from the latter company.

These reserves are separate from those at the nearby Union South Block where Black Hill has a stake of 12.5 per cent with Australian Occidental holding 37.5 per cent.

* * *

Australia's CSR resource group has signed an option agreement with a private company, Marula Holdings, to examine the feasibility of a large-scale gold mining operation on adjacent areas held by both companies in the Jerralong area of the New South Wales southern tablelands. If the option is exercised CSR will pay A$2.2m (£1.4m) to acquire a 75 per cent stake in the areas and Marula will gain a free interest of 25 per cent, reports Reuter.

BANK RETURN

BANKING DEPARTMENT

	Wednesday August 15 1984 £	Increase (+) or Decrease (—) for week £
Liabilities		
Capital	14,553,000	—
Public Deposits	40,137,355	+ 1,565,666
Bankers Deposits	583,970,211	— 136,111,751
Reserve and other Accounts	1,468,460,447	— 48,185,803
	2,107,121,021	— 185,982,919
Assets		
Government Securities	350,496,867	— 111,584,818
Advance & other Accounts	661,042,607	— 67,592,417
Premises Equipment & other Secs.	1,045,058,508	— 9,705,081
Notes	7,358,915	— 2,697,390
Coin	164,154	+ 1,947
	2,107,121,021	— 185,982,919

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	12,100,000,000	+ 20,000,000
In circulation	12,092,641,085	+ 22,697,390
In Banking Department	7,358,915	— 2,697,390
Assets		
Government Debt	11,015,100	—
Other Government Securities	2,045,572,865	— 53,666,810
Other Securities	10,043,412,035	+ 73,666,810
	12,100,000,000	+ 20,000,000

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday August 17 1984

Eurodollar bonds rally on strength in New York, Page 30

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WALL STREET

Regan view received with favour

A FAVOURABLE response to the statement of the U.S. Treasury's views on bearer bonds from Mr Donald Regan sent the bond market on Wall Street soaring ahead yesterday, although a switch to optimism in forecasts of the money supply statistics due at the end of the day also contributed to confidence, *writes Terry Byland in New York.*

Gains ranged to well over a full point at the long end, where traders hope to be able to continue issuing Cats (Certificates of Accrual on Treasury Securities) to foreigners in bearer form.

The upturn in stock prices reached its peak one hour before the close, when the Dow Jones industrial average showed a gain of 14½ points. Modest profit-taking brought the final quotation of the Dow to 1,209.14, a net gain on the day of 10.16 points. Turnover, at 94.1m shares, was the best of the week.

In the bond market, gains were fully held despite the announcement that M1 money supply had jumped by $5.2bn in the latest reported week.

The Treasury's renunciation of the right to issue U.S. Government bonds in bearer form was generally expected, as was its formal agreement to bearer bond issues by U.S. corporations.

But bond traders were hopeful that the new regulations will allow them to continue to issue Cats in bearer form for foreign investors.

Stocks opened higher, encouraged by the resistance shown at the Dow 1,200 level. Improvement was slow and uncertain at first, however, and it was not until the bond market turned higher that buyers began to pick up the blue chips.

FCA held steady around $5 in early dealings, a shade better than the low of the previous day. But this was swiftly undermined in the early afternoon when Salomon Bros crossed a 1m block at $4¼.

The computer and high technology stocks strengthened, with IBM standing out at $122⅞, a net $1⅜ up and National Semiconductor, $⅜ better at $15⅝. The impetus came from excellent sales and profits at Hewlett-Packard, although stock in Hewlett dipped $1⅜ to $40⅛ in heavy trading, as profits were taken on the substantial bull accounts built up ahead of the announcement.

Exxon, $⅛ up at $41⅛, and Mobil, $¼ higher at $27, set the trend in oils, and a general improvement in transport issues included Northwest Air, $¼ up at $38¼, and Norfolk Southern, $¼ higher at $56¼.

General Motors at $74½ added $½ in quiet trade as the wage talks continued. Other leaders to improve were Du Pont, $¼ up at $47½; 3M, $½ up at $81⅞; and General Electric, ahead at $57¼.

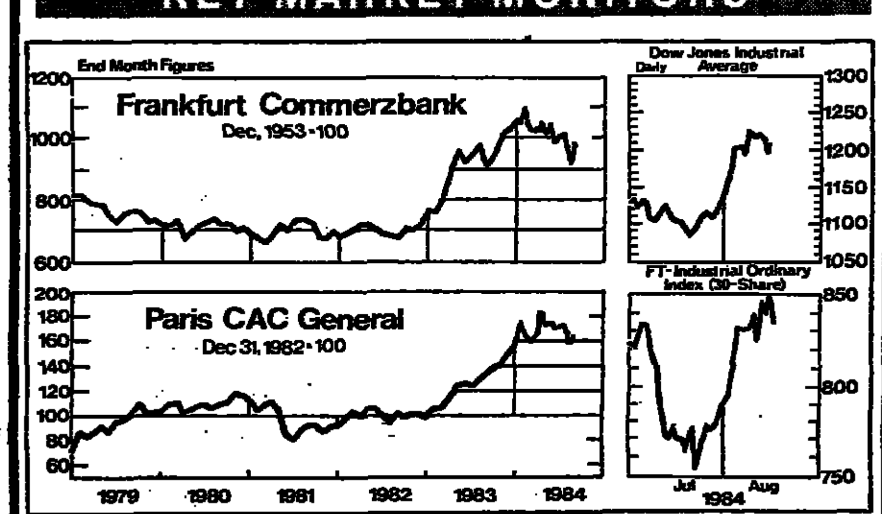
ITT, still looking for a bid, added $⅜ to $27⅜. Brokerage stocks continued to respond to the improved turnover in the stock market, with Merrill Lynch $⅛ up at $31½ in heavy trading.

American Express, troubled this week by fears that FCA might be forced to sell its 4.9 per cent stake, and by hints that a major holder is dumping stock, rallied $⅛ to $31⅜.

In the credit market, the federal funds rate eased to 11 11/16 per cent following the completion of the two-week bank settlement operation. Treasury bills calmed down, with no further sign of the "rush to quality" which brought sharp falls in rates earlier in the week. Three-month Treasury bills shed 3 basis points to 10.20 per cent, while six-month bills gained 2 basis points to 10.50 per cent.

In the bond market, there was a reversal of the sell-off at Wednesday's close when dealers were fearful of Treasury action to block future issues of Cats. The new key long bond jumped 1½ points to 100⁶⁄₃₂ as traders returned as buyers. In the corporate sector, prices made little immediate response to the Treasury agreement on bearer securities issues for foreigners.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Aug 16	Previous	Year ago
NEW YORK			
DJ Industrials	1209.14	1,198.98	1,190.45
DJ Transport	515.14	512.56	531.10
DJ Utilities	128.03	127.97	129.62
S&P Composite	163.77	162.80	163.41
LONDON			
FT Ind Ord	834.1	841.6	738.9
FT-SE 100	1,075.6	1,082.9	1,001.5
FT-A All-share	507.12	511.08	465.74
FT-A 500	549.84	554.94	503.31
FT Gold mines	561.8	560.7	668.8
FT-A Long gilt	10.49	10.46	10.71
TOKYO			
Nikkei-Dow	10,418.24	10,441.5	9,019.07
Tokyo SE	805.77	805.87	668.74
AUSTRALIA			
All Ord.	736.0	735.1	684.8
Metals & Mins.	472.7	472.1	589.9
AUSTRIA			
Credit Aktien	53.34	53.57	55.03
BELGIUM			
Belgian SE	150.44	150.79	133.09
CANADA	Aug 16	Prev.	Yr ago
Toronto			
Metals & Minls	1,991.9	1,987.7	—
Composite	2,233.1	2,226.0	2,407.8
Montreal			
Portfolio	115.24	114.88	117.05
DENMARK			
Copenhagen SE	192.61	196.00	169.18
FRANCE			
CAC Gen	162.3	162.7	131.2
Ind. Tendance	104.8	105.2	83.3
WEST GERMANY			
FAZ-Aktien	337.99	339.92	321.6
Commerzbank	979.7	985.6	954.8
HONG KONG			
Hang Seng	906.19	918.83	1,037.72
ITALY			
Banca Comm.	212.99	213.16	198.92
NETHERLANDS			
ANP-CBS Gen	159.7	161.1	141.8
ANP-CBS Ind	128.1	129.0	114.6
NORWAY			
Oslo SE	257.57	260.17	210.16
SINGAPORE			
Straits Times	940.44	952.35	857.6
SOUTH AFRICA			
Golds	n/a	974.0	938.6
Industrials	n/a	896.3	927.5
SPAIN			
Madrid SE	136.83	136.26	117.85
SWEDEN			
J&P	1,488.08	1,515.67	1,513.32
SWITZERLAND			
Swiss Bank Ind	379.3	378.3	343.8
WORLD	Aug 16	Prev	Year ago
Capital Int'l	181.2	182.3	176.5

GOLD (per ounce)

	August 16	Prev
London	$352.25	$352.00
Frankfurt	$352.25	$351.00
Zürich	$352.25	$351.25
Paris (fixing)	$350.88	$347.65
Luxembourg (fixing)	$352.10	$348.50
New York (Aug.)	$353.00*	$354.30

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Aug 16	Previous	STERLING Aug 16	Previous
$	—	—	1.3275	1.32
DM	2.8545	2.8715	3.7925	3.8
Yen	240.45	241.6	319.5	319.25
FFr	8.765	8.83	11.635	11.6575
SwFr	2.374	2.4085	3.1525	3.1825
Guilder	3.213	3.2385	4.275	4.275
Lira	1761.0	1770.5	2340.5	2334.0
BFr	57.595	58.155	76.7	76.7
CS	1.30375	1.30375	1.7295	1.721

INTEREST RATES

	Aug 16	Prev
Euro-currencies (3-month offered rate)		
£	10⅞	10⅞
SwFr	4⅝	4 11/16
DM	5⅝	5 11/16
FFr	11⅞	11⅞
FT London Interbank fixing (offered rate)		
3-month U.S.$	11⅞	11 15/16
6-month U.S.$	12⅛	12⅛
U.S. Fed Funds	11 11/16	12
U.S. 3-month CDs	11.40	11.40
U.S. 3-month T-bills	10.25	10.22

U.S. BONDS

Treasury	August 16 Price	Yield	Prev Price	Yield
12⅜ 1986	100 3/32	12.38	100 1/32	12.38
13⅞ 1991	104 [illegible]	12.70	104 [illegible]	12.75
13⅞ 1994	99 [illegible]	12.70	99 [illegible]	12.76
13⅝ 2014	99 [illegible]	12.50	99 [illegible]	12.60
Corporate	Aug. 16 Price	Yield	Prev Price	Yield
AT&T				
10⅜ June 1990	89⅜	12.95	89⅝	12.95
3⅞ July 1990	71.00	10.80	71.00	10.60
8⅜ May 2000	71⅞	13.00	71⅞	13.00
Xerox				
10⅞ March 1993	87⅞	13.15	87⅞	13.15
Diamond Shamrock				
10⅞ May 1993	86⅞	13.25	86⅞	13.25
Federated Dept Stores				
10⅞ May 2013	90.342	13.30	90.342	13.30
Abbot Lab				
11.80 Feb 2013	89.00	13.30	89.00	13.30
Alcoa				
12⅞ Dec 2012	89.00	13.80	89.00	13.80

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	65-24	65-28	64-27	65-07
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.89	89.94	89.80	89.84
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.54	88.54	88.47	88.56
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	88.41	88.42	88.34	88.45
20-year Notional Gilt £50,000 32nds of 100%				
Sept	106-19	106-19	105-15	106-10

COMMODITIES

(London)	August 16	Prev
Silver (spot fixing)	595.40p	599.55p
Copper (cash)	£1,010.25	£1,012.50
Coffee (Sept)	£2,290.50	£2,308.50
Oil (spot Arabian light)	$27.67	$27.70

EUROPE

Weight of selling stays light

THE REACTION on the European bourses yesterday to the overnight New York retreat was one of resignation but no great distress. Trading levels, depressed recently by the intervention of holidays, remained low, and the weight of selling was rarely substantial.

A few markets, such as those in Switzerland and Italy, managed to hold firm. Even Dutch and West German shares, most affected by the Wall Street weakness, showed evidence of renewed late demand and finished above the day's worst.

Amsterdam had the benefit of good results from Philips and KLM, but these two were unable to hold out against the downward trend: the airline issue, initially marked Fl 1.50 higher, finished off 50 cents at Fl 178, and the electronics stock dipped 40 cents to Fl 48.40.

Domestic bonds were little changed ahead of a new state issue expected next week.

Thin **Frankfurt** business left the two most recent arrivals, Nixdorf and Porsche, each DM 6 lower at a respective DM 496 and DM 977. Lufthansa was affected by strike fears, dropping DM 2.50 to DM 153.50.

Banks pulled back as the year's outlook as seen by the Bundesbank was digested: Commerzbank dipped DM 2 to DM 149.50. Rhein-West Electric came down DM 1.50 to DM 157.50 on its forecast for a maintained dividend.

Domestic bonds continued their rally on hopes of coupon tax abolition – gains averaged ¼ point, and the authorities sold DM 85.2m in paper.

A one-point call money rise to 12½ per cent depressed **Paris**, although a notable advance was achieved by CIT-Alcatel, up FFr 37 to FFr 1,097 on its turnover boost. Bouygues and Générale des Eaux more accurately reflected the trend, each FFr 10 off at FFr 590 and FFr 515 respectively.

End-account adjustments aided **Milan** firmness, paced by Fiat which jumped L100 to L4,550. But Olivetti lost L95 to L5,850, with profit-takers making a two-day setback of L160. Bonds ended mixed.

Strength in the Swiss franc aided **Zurich** sentiment, and Swissair picked up SwFr 15 to SwFr 990. Sandoz and Swiss Re were SwFr 25 better apiece at a respective SwFr 7,150 and SwFr 7,350.

Bonds moved up slightly.

Utilities were weakest in light **Brussels** dealings while UCB in chemicals did best with a BFr 90 rise to BFr 4,990.

Ericsson led **Stockholm** lower, with a SKr 9 retreat to SKr 365. SKF shed SKr 3 to SKr 177 despite Wednesday's buoyant results.

A sharp **Copenhagen** retreat followed deficit-cutting budget plans for 1985. Banks fared worst, but declines extended to Novo, DKr 80 lower at DKr 2,465.

Norsk Hydro, up NKr 2 to NKr 595 in an otherwise weak **Oslo**, drew possible help from a London broker's recommendation.

Electricals led a **Madrid** advance.

AUSTRALIA

LOWER local interest rates encouraged Sydney investors into many sectors although the All Ordinaries index finished only 0.9 higher at 736.0.

Lend Lease firmed a further 14 cents to A$5.60 following good results while in the oil and gas sector Santos jumped 26 cents to A$6.56. BHP dropped 10 cents to A$10.65, but its partners in the Jabiru-4 well, Weeks Australia and Ampol Exploration, each added 5 cents to 75 cents and A$3 respectively.

SOUTH AFRICA

SMALL MOVEMENTS in the bullion price left an aimless Johannesburg mixed although some U.S. buyers emerged late to firm up a number of gold shares.

Driefontein benefited with a 15-cent advance to R48.40, Free State Geduld held steady at R50 and Buffels slipped 25 cents to R76.50. De Beers, a frequent American favourite, dropped 8 cents to R9.12

TOKYO

Few gains found amid the gloom

A BEARISH mood remained on the Tokyo market yesterday, reflecting the Dow Jones industrial average's slip below 1,200 on Wall Street overnight, *writes Shigeo Nishiwaki of Jiji Press.*

Small-capital light electricals, drugs and machineries firmed on buying by investment trust management companies despite the general downtrend. Blue chips dropped on a wide front.

The Nikkei-Dow market indicator lost 23.26 to 10,418.24 on slow trading of 247.03m shares, although up from the previous day's 218.58m. Losses outpaced gains 345 to 303, with 181 issues unchanged.

Among blue chips, Toshiba was an exception, adding Y2 to Y418 as investors were encouraged by non-residents' purchases. Buy orders for the issue placed with the big four securities companies in the morning reportedly totalled more than 1.5m shares.

Dealers at brokerage houses and individual investors joined in the fray, apparently thinking the stock was undervalued compared with Hitachi and others. A total of 11.94m Toshiba shares changed hands, the highest for the day.

Small-lot selling pushed down other blue chips. Hitachi lost Y14 to Y858, NEC Y20 to Y1,280 and Sony Y40 to Y3,440, contrary to the expectations of major brokers, who had bought these issues the previous day in anticipation of an advance spurred by non-residents' purchases.

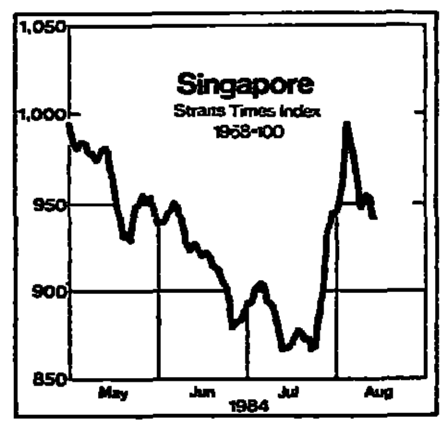
With fund flows into the market declining, investors selected small-capital incentive-backed issues among light electricals and drugs to reap profits from small outlays.

Yokogawa Hokushin Electric closed Y10 higher at Y1,010 on increased purchases by foreigners. Kokusai Electric rose Y30 to Y2,540, while Fanuc spurted Y400 to Y9,550. Nippon Gakki, which is expanding its semi-conductor manufacturing division, enjoyed sustained popularity, adding Y16 to Y791.

Among pharmaceuticals, Kureha Chemical shot up Y60 to an all-time high of Y1,230, reflecting rumours about development of a new anti-cancer drug and recording the day's second heaviest trading of 11.57m shares. Its previous high was Y1,210, registered on April 25.

Some machinery issues were firm. Amada jumped Y30 to Y1,370, Sonoike Manufacturing Y70 to Y1,460 and Hitachi Seiki Y15 to Y559.

Bond prices eased due to a rise in U.S. interest rates and a major trust bank's sale of about Y30bn worth of long-term government bonds. The yield on the benchmark 7.5 per cent government bonds maturing in January 1993 rose from 7.21 per cent to 7.235 per cent.



SINGAPORE

PERSISTENT selling and profit-taking developed over a broad front in Singapore with the Straits Times index down 11.91 to 940.44.

Heavy selling of bank shares by overseas institutions was reported, with UOB 14 cents down at S$4.78 as it extended its offer to buy the outstanding shares of Far Eastern Bank, while OCBC was 1 cent weaker at S$1.20.

Pan Electric, recently one of the most sought-after issues and regularly topping the actives list, dipped a further 10 cents to S$2.68 amid concern over the stock exchange's investigation into possible insider trading.

LONDON

Influences remain adverse

ADVERSE U.S. influences coming on top of a stalemate in British coal strike talks unsettled London markets yesterday.

Gilts were ¾ off before the Bank of England cut dealing rates in the shorter bands by ⅛ point, signalling approval for a similar drop by the retail banks. Longs and shorts ended only fractionally lower.

Speculative and situation shares commanded attention again at the expense of leading equities although BP dropped 10p to 475p and Grand Met was 4p off at 298p. Elsewhere, Saatchi & Saatchi added 25p to 735p, Royal Insurance gained 22p to 472p, Davy 12p to 88p and Hill Samuel 10p to 288p.

The FT Industrial Ordinary index, off 11 at 3pm, closed 7.5 down at 834.1.

Chief price changes, Page 22; Details, Page 23; Share information service, Pages 24–25.

HONG KONG

SELECTIVE buying of blue chips by institutions proved the only bright spot in generally nervous Hong Kong trading which saw the Hang Seng index drop 12.64 to 906.19.

Hongkong Telephone was steady at HK$43.50 before improved results, while banks, recently favoured, were mixed with Hang Seng Bank down 25 cents to HK$32.75 and Overseas Trust Bank 5 cents up at HK$2.95.

CANADA

WEAKER gold shares turned Toronto mixed with modest rises among base metal miners and oil and gas-related stocks.

A more positive picture developed in Montreal, with particular strength in utilities and banks while industrials edged ahead.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¼	AAR	.48	2.1	23	101	22½	22	22⅛	+⅛
22	13½	AMCA	n	1	7.0	9	14¼	14⅛	14¼	+⅛
18⅞	13⅞	AMF	.50	3.1	145	332	16⅛	16	16	−⅛
41¾	24¼	AMR			4	4093	28¼	27⅞	28	−½
20⅜	18	AMR	pf2.18	11.		11	19⅜	19⅜	19⅜	−⅛
41½	27½	AMR	pf2.13	7.1		238	30½	29¾	30	+⅛
25½	23	ANR	pf2.67	11.		x3	23¼	d22⅞	23¼	+⅛
16¼	8½	APL			4	33	11	10⅞	11	+⅛
55¾	40¼	ARA	2.10	4.1	10	507	51⅞	50½	51¼	+⅛
71½	44¾	ASA	3a	5.5		534	54⅞	54⅞	54⅞	
30¼	16½	AVX	.32	1.3	16	362	25⅛	24¼	24¾	+⅛
53⅞	38¼	AbtLab	1.20	2.5	15	2501	46¼	45½	45¾	+⅛
34	23¾	AccoWd	.66	2.0	19	145	32⅞	31¾	32⅞	
27¼	12½	AcmeC	.40	2.9		53	13⅞	13½	13⅞	
12⅞	8¼	AcmeE	.32b	3.3	15	25	10	9⅞	9⅞	−⅛
24⅞	11	AdmDg	.04	.2	9	25	16⅛	16	16⅛	
18¼	15	AdaEx	2.11e	13.		85	16⅜	16⅜	16⅜	+⅛
18⅞	11⅞	AdmMl	.28	2.0	15	44	14⅛	13⅞	14⅛	+½
22	13½	AdvSys	.811	4.2	19	623	19⅜	18½	19⅛	−⅛
38½	25⅛	AMD			22	5125	u38⅝	37⅛	38	+1
17⅞	7⅞	Advest	.12	1.1		59	10⅞	10⅞	10⅞	
21⅞	9⅞	Aerflex			12	35	12⅞	12⅞	12⅞	
39	27¼	AetnLf	2.64	7.7	32	1546	34¾	34¼	34½	−⅛
58⅝	54	AetL	pf5.48e	9.7		5	56⅝	56⅝	56⅝	
34½	15⅛	Ahmns	1.20	6.1	5	2075	19⅝	19	19⅝	+½
7	2⅞	Aileen				43	3⅛	3	3⅛	+⅛
51	38½	AirPrd	1	2.2	10	543	46½	46	46⅛	
30⅞	13	AirbFrt	.60	3.7	9	128	16⅞	16⅛	16⅝	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 21

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 22

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 20

X–Y–Z

12 Month High	Low	Stock	Div. Yld. P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52⅛	33¼	Xerox	3 7.7 10	2580	39	38¼	[illegible]	[illegible]
37	19	XTRA	2 7 9	292	24½	24	[illegible]	[illegible]
34	24	ZaleCp	1.26 4.4 10	160	[illegible]	[illegible]	28½	[illegible]
26½	19¼	ZalepfA	80 3.6	8	[illegible]	[illegible]	[illegible]	[illegible]
24⅝	15¼	Zapata	84 4.7 13	286	[illegible]	[illegible]	[illegible]	[illegible]
48	28¼	Zayre	40b 9 14	1195	45¼	44⅝	[illegible]	[illegible]
38⅝	20	ZenithE	10	1464	[illegible]	27	[illegible]	[illegible]
27⅝	18	Zero	s .36 1.4 19	76	25	[illegible]	25	[illegible]
34	21⅛	Zurnin	1.32 5.1 13	94	26	25¾	[illegible]	[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Aug. 16	Price Sch's	+ or —
Creditanstalt	206	.....
Goesser	384	—2
Interunfall	400	.....
Laenderbank	205	.....
Perlmooser	347	+2
Steyr-Dimlera	141	+1
Veitscher Mag.	211	.....

BELGIUM/LUXEMBOURG

Aug. 16	Price Frs.	+ or —
ARBED	1,490	—30
Banq Int A Lux	5,200	—50
Bekaert B	4,140	+10
Ciment CBR	2,430	.....
Cockerill	253	—1
Delhaize	5,450	.....
EBES	2,670	—30
Electrobel	7,570	+70
Fabrique Nat	2,035	—10
GB Inno BM	3,190	—10
GBL (Brux)	2,345	.....
Gevaert	3,435	—15
Hoboken	6,400	—10
Intercom	1,985	—15
Kredietbank	6,780	.....
Pan Hldgs	9,250	+20
Petrofina	6,930	.....
Royale Belge	9,350	—50
Soc. Gen. Banq	2,940	.....
Soc. Gen. Belge	1,845	—5
Sofina	6,610	—40
Solvay	3,825	—5
Traction El	5,705	—100
UCB	4,990	+90
Vieille Mont.	4,140	.....

DENMARK

Aug 16	Price Kur %	+ or —
Aarhus Olie	460	.....
Andelsbanken	254	—3
Baltic Skand	715	—5
CopHandelsbank	265	—9
D. Sukkerfab	665	—15
Danske Bank	258	—8
East Asiatic	191	—5
Forenede Brygg.	960	.....
Forenede Damp.	109	—2
GNT Hldg	535	.....
I.S.S.B.	460	—50
Jyske Bank	520	—15
Novo Ind.	2,465	—80
Privatbanken	229	—7
Provinsbanken	320	—7
Smidth (Fl.)	214	—1
Sophus Berend	995	—80
Superfos	496	911

FRANCE

Aug. 16	Price Frs.	+ or —
Emprunt 4½% 1975	1,725	—3
Emprunt 7% 1973	9,150	—49
ONE 3%	3,969	+405
Air Liquide	517	—1
BIC	415.5	—0.5
Bouygues	590	—10
BSN Gervais	2,505	—5
CIT Alcatel	1,097	+37
Carrefour	1,445	—20
Club Mediter'n	894	+4
CFAO	595	.....
Cie Bancaire	510	.....
Cofimeg	211	+1
Darty	894	+4
Dumez S.A.	620	—15
Eaux (Cie Gen)	642	—7
Elf-Aquitaine	206	—3
Gen. Occidentale	620	—1
Imetal	79	—2.4
Lafarge Coppee	323	+3.9
L'Oreal	2,212	—31
Legrand	1,875	+50
Maisons Phenix	197	.....
Matra S.A.	1,444	—6
Michelin B.	770	+3
Midi (Cie)	1,637	+8
Moet-Hennessy	1,665	—35
Moulinex	100.7	—1.1
Nord Est	45.8	—0.1
Pernod Ricard	795	—14
Perrier	481.1	—5.9
Petroles Fra.	225	—4.8
Peugeot S.A.	193.1	—1.9
Poclain	43.5	—0.3
Printemps Au.	139.6	+0.6
Radiotech	246	+0.9
Redoute	1,015	+13
Roussel-Uclaf	1,268	—11
Sefimeg	241	+4
Skis Rossignol	1,350	—7
Telemech Elect.	1,619	—1
Thompson (CSF)	311	—3.1
Valeo	221.1	—0.9

GERMANY

Aug. 16	Price Dm.	+ or —
AEG-Telef.	92	—1
Allianz Vers.	782	+1
BASF	155.3	—1.6
Bayer	165.8	—2
Bayer-Hypo	264	—4
Bayer-Verein	304	—4.5
BHF-Bank	236.3	—1.7
BMW	385.5	—4.5
Brown Boveri	198.5	—0.5
Commerzbank	149.5	—2
Cont'l. Gummi	117.2	—1.6
Daimler-Benz	546.5	—2.5
Degussa	344.5	—1.5
D'sche Babcock	149	.....
Deutsche Bank	336	—2.7
Dresdner Bank	153.8	—1
GHH	140	—3
Hochtief	490xd	+5
Hoechst	168.3	—0.7
Hoesch Werke	94.8	—0.9
Holzmann (P.)	416	—7
Horten	165	—1
Kali und Salz	211.8	—2.2
Karstadt	237	—2
Kaufhof	213	—1
KHD	226	—3
Kloeckner	58.4	—0.1
Krupp	76	.....
Linde	351	—6.8
Lufthansa	153.5	—2.5
MAN	138.3	—0.5
Mannesmann	141.9	—0.9
Mercedes Hld.	487	—1
Metallgesell.	208.5	—1.5
Muench Rueck	1010	—64
Preussag	250	—3
Rhein West Elect	157.5	—1.5
Rosenthal	230	.....
Schering	352	—2
Siemens	387.2	—2.5
Thyssen	76.5	0.4
Varta	162	—3
Veba	170	—1
V.E.W.	116.5	+0.5
Verein-West.	291	—1
Volkswagen	177.8	—1

ITALY

Aug. 16	Price Lira	+ or —
Banca Com'le	17,050	—45
Bastogi-IRBS	146	+2
Centrale	2,070	+20
Credito Varesino	3,970	—80
Fiat	4,550	+100
Finsider	37	—1
Generali Assicur	33,200	—210
Invest	2,850	—35
Italcementi	46,900	—100
Montedison	1,172	+7
Olivetti	5,850	—95
Pirelli Co	3,260	+15
Pirelli Spa	1,950	+70
Snia BPD	1,799	+34
Toro Assic.	11,420	—90
do. Pref	8,610	—490

NETHERLANDS

Aug. 16	Price Fls	+ or —
ACF Holding	179	—3
AEGON	118	—0.5
Ahold	192	—1
AKZO	89.7	—0.3
ABN	304	+3
AMEV	155.2	—1.3
AMRO	62.7	—0.3
Bredero Cert.	184.5	—2.5
Bos Kalis Westm.	25.7	—0.6
Buehrmann Tet.	68	—0.5
Calland Hldgs.	33.2	+0.2
Credit Lyon'is Bk	45.7	—1.8
Elsevier-NDU	90	.....
Gist Brocades	151.5	—1
Heineken	135.5	—1
Hoogovens	64	—0.5
Hunter Douglas	28.4	—0.4
Int Mueller	34.7	—0.6
KLM	178	—0.5
Naarden	39.6	.....
Nat Ned Cert	220	—2.5
Ned. Credit Bank	40	.....
Ned Mid Bank	131.5	—0.5
Nedlloyd	105.6	—1
Oce Grinten	242	.....
Ommeren (Van)	26.4	—0.1
Pakhoed	64	—0.5
Philips	48.4	—0.4
Rijn-Schelde	2.3	.....
Robeco	63.6	—0.3
Rodamco	131.6	—0.1
Rolinco	60.8	.....
Rorento	202	—0.4
Royal Dutch	155.4	—1.6
Unilever	266	.....
VMF Stork	123.2	.....
VNU	151.9	—2.9
West Utr Bank	80.7	—0.8

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Aug 16	Price Kronor	+ or —
Bergan Bank	150	—2
Borregaard	305	+2
Christiania Bank	150	—4
DenNorske Cedit	152	.....
Elkem	138	—1
Norsk Data	316.5	—2.5
Norsk Hydro	595	+2
Storebrand	213	—1

SPAIN

Aug 16	Price Pta's	+ or —
Bco Bilbao	349	—1
Bco Central	350	—7
Bco Exterior	205	.....
Bco Hispano	237	—1
Bco Santander	332	—2
Bco Vizcaya	395	—2
Dragados	160	+3
Hidrola	66.7	+3
Iberduero	71.5	—3.5
Petroleos	150	+7.5
Telefonica	90.5	+1.5

SWEDEN

Aug 16	Price Kronor	+ or —
AGA	575	—10
Alfa-Laval	228	—7
ASEA (Free)	363	+1
Astra (Free)	465	.....
Atlas Copco	116	—2
Boliden (Free)	385	.....
Cardo (Free)	330	.....
Cellulosa	130	—3
Electrlux B	249	—5
Ericson	365	—9
Erselte	300	.....
Mo Och Domsjo	365	—5
Pharmacia	228xc	.....
Saab Scania Free	550	—5
Sandvik	402	.....
Skandia	345	—7
Skan Enski'da	60	—1.5
SKF	177	—3
St Koparbergs	685	—20
Sven Handlesbn.	180	—4
Swedish Match	225	—3
Volvo B (Free)	236	—7

SWITZERLAND

Aug. 16	Price Frs.	+ or —
Alusuisse	732	.....
Bank Leu	5,540	—10
Brown Boveri	1,360	—15
Ciba Geigy	2,440	—10
do. (Part Certs)	1,890	+60
Credit Suisse	2,120	.....
Elektrowatt	2,375	+50
Fischer (Geo.)	625	.....
Genevoise	3,450	.....
Hoff RochePtCts	94,500	—500
Hoff-Roche 1.10	9,475	.....
Jacobs Suchard	6,325	.....
Jelmoli	1,800	+30
Landis & Gyr	1,430	+15
Nestle	5,495	—5
Oer-Buehrle	1,250	+5
Perelli	250	+1
Sandoz (Br)	7,150	+25
Sandoz (PtCts)	1,099	+1
Schindler (PtCts)	570	—5
Swissair	990	+15
Swiss Bank	322	.....
Swiss Reinsce.	7,350	+25
Swiss Volksbk.	1,350	—5
Union Bank	3,250	—10
Winterthur	2,900	.....
Zurich Ins.	16,900	—50

AUSTRALIA

Aug. 16	Price Aust $	+ or —
ANZ Group	4.88	.....
Acrow Aust	1.6	.....
Alliance Oil D	0.84	+0.02
Ampol Pet.	1.75	+0.02
Aust Cons Ind.	1.93	+0.01
Aust. Guarant.	2.9	.....
Aust. Nat. Inds	2.33	—0.02
Aust. Paper	2.3	—0.05
Bell Group	4.5	—0.05
Bond Corp Hldgs	1.25	—0.05
Boral	3.58	+0.05
B'ville Copper	1.72	.....
Brambles Inds.	3.05	+0.05
Bridge Oil	2.75	—0.05
BHP	10.65	—0.1
CRA	5.52	—0.08
CSR	3.26	—0.06
Carlton Utd	4.30	.....
Castlemaine Tys.	4.4	.....
Coles (G.J.)	3.92	+0.02
Comalco "A"	2.5	—0.05
Consolidated Pet	0.55	+0.03
Costain Aust	1.5	.....
Dunlop Aust.	1.78	—0.02
E.Z. Inds.	6.4	—0.04
Elders IXL	4.0	.....
Energy Res.	1.62	—0.01

AUSTRALIA (continued)

Aug. 16	Price Aust. $	+ or —
Gen Prop Trust	2.2	+0.02
Hardie (J.)	3.3	—0.05
Hartogen Energy	2.23	—0.02
Herald W'yTimes	3.75	+0.05
ICI Aust.	2.12	.....
Jimb'lana 50cFP	0.86	—0.02
Kia Ora Gold	0.14	.....
Lend Lease	5.6	.....
MIM	3.02	—0.06
Mayne Nickless	3.8	.....
Meekatharra	1.07	—0.02
Myer Emp.	1.67	—0.02
Nat. Com. Bk	3.42	—0.01
News	10.65	—0.05
Nicholas Kiwi	4.05	—0.05
North Bkn Hill	2.34	.....
Oakbridge	0.88	.....
Otter Expl.	0.49	.....
Pancont'l	1.28	—0.02
Pioneer Conc	1.48	—0.04
Queensland Coal	1.18	.....
Rickett & Coln.	2.85	.....
Repco	1.13	+0.05
Santos	6.56	+0.28
Smith (H.)	3.85	.....
Southland Min'g	0.3	—0.01
Spargos Expl.	0.58	—0.02
Thos. Natwide	1.88	—0.03
Tooth	5.50	.....
Vamgas	3.45	—0.1
Western Mining	3.52	+0.02
Westpac	3.82	—0.02
Woodside Petrol	1.21	+0.01
Woolworths	2.6	.....
Wormald Intl	2.90	.....

HONG KONG

Aug. 16	Price H.K.$	+ or —
Bank East Asia	20.5	.....
Cheung Kong	7.75	+0.1
China Light	12.6	+0.1
Hang Lung Devel	2.15	.....
Hang Seng Bank	32.75	—0.25
HK Electric	5.65	—0.1
HK Kowloon Wh.	3.35	—0.02
HK Land	2.7	.....
HK Shanghai Bk.	6.35	.....
HK Telephone	43.5	.....
Hutchison Wpa.	10.6	—0.3
Jardine Math.	7.65	—0.15
New World Dev.	2.9	.....
Orient O'seas	2.25	—0.02
Oseas Trust Bk.	2.95	+0.05
SHK Props.	5.7	—0.15
Swire Pac A	17.1	—0.2
Wheel'k Mard A.	3.2	.....
Wheel'k M'time	1.9	.....
World Int. Hldgs.	1.92	—0.02

JAPAN

Aug. 16	Price Yen	+ or —
Ajinomoto	1,230	+10
Alps Electric	2,250	—40
Amada	1,370	+30
Asahi Chem.	558	—5
Asahi Glass	750	+4
Bridgestone	693	—6
Canon	1,300	.....
Casio Comp.	1,430	+10
Chugai Pharm.	996	—4
Citizen	528	—2
Daiei	651	—9
Dai Nippon Ptg	955	—5
Daiwa House	517	—3
Ebara	330	+15
Eisai	1,220	+20
Fanuc	9,550	+400
Fuji Bank	880	—1
Fuji Film	1,740	—10
Fujisawa	1,090	+40
Fujitsu	1,350	+10
Green Cross	1,620	.....
Hasegawa	329	+7
Heiwa Real Est	546	—4
Hitachi	858	—14
Hitachi Credit	1,260	.....
Honda	1,390	—40
House Food	731	.....
Hoya	2,210	+40
Itoh (C)	285	+1
Ito. Yokado	2,100	+10
Iwatsu	1,520	+40
JACCS	351	.....
JAL	3,150	+60
Jusco	833	—3
Kajima	283	.....
Kao Soap	773	—16
Kashiyama	605	—8
Kirin	552	—1
Kokuyo	965	.....
Komatsu	462	+4
Konishiroku	672	—6
Kubota	309	.....
Kumagai	451	—6
Kyoto Ceramic	6,160	+10
Maeda Const	470	.....
Makino Milling	1,520	+50
Makita	1,150	—60
Marubeni	330	+15
Marudai	613	+2
Marui	1,090	—10
MEI	1,680	—20
M'ta Elec Works	690	—8
M'bishi Bank	280	.....
M'bishi	570	+2
M'bishi Elec.	392	—6
M'bishi Estate	475	—3

JAPAN (continued)

Aug. 16	Price Yen	+ or —
MHI	233	—2
Mitsui Co	329	.....
Mitsui Estate	660	—15
Mitsukoshi	350	—1
NGK Insulators	824	—1
Nihon Cement	203	.....
Nippon Denso	1,570	.....
Nippon Elect.	1,280	—20
Nippon Gakki	607	—2
Nippon Kokan	151	—6
Nippon Oil	918	.....
Nippon Seiko	558	—15
Nippon Shimpan	519	—9
Nippon Steel	150	.....
Nippon Suisan	324	—6
NTV	10,800	+200
Nippon Yusen	218	.....
Nissan Motor	650	—4
Nisshin Flour	490	.....
Nisshin Steel	182	—12
Nomura	706	—7
Olympus	1,020	—20
Orient Leasing	2,460	—20
Pioneer	2,600	—20
Ricoh	961	—15
Sankyo	805	—10
Sanyo Elect.	520	.....
Sapporo	415	.....
Sekisui Prefab	583	—11
Seven Eleven	8,600	—50
Sharp	1,150	—10
Shimadzu	546	—10
Shionogi	687	—13
Shiseido	1,190	—20
Sony	3,440	—40
Stanley	772	—20
S'tomo Bank	917	—8
S'tomo Elect.	818	.....
S'tomo Marine	419	—2
S'tomo Metal	153	.....
Taihei Dengyo	460	.....
Taisei Corp	204	+1
Taisho Pharm.	912	—21
Takeda	772	—3
TDK	5,660	—40
Teijin	378	.....
Teikoku Oil	660	.....
Tokyo Marine	596	—4
TBS	748	—10
Tokyo Elect Pwr.	1,170	.....
Tokyo Gas	148	+3
Tokyo Sanyo	691	—18
Tokyo Style	715	.....
Tokyu Corp.	270	.....
Toppan Print	805	+13
Toray	406	—2
Toshiba Elect.	418	—2
TOTO	590	—5
Toyo Seikan	850	+2
Toyota Motor	1,450	—10
Victor	2,350	—50
Wacoal	785	—35
Yamaha	530	—10
Yamanouchi	1,390	+30
Yamazaki	665	+15
Yasuda Fire	305	+3
Yokogawa Bdge.	400	—2

SINGAPORE

Aug. 16	Price $	+ or —
Boustead Hldgs.	2.29	—0.08
Cold Storage	3.48	—0.08
DBS	7.8	—0.15
Fraser & Neave	5.6	—0.1
Genting	5.5	—0.05
Haw Par. Bros.	2.33	.....
Inchcape Bhd.	2.99	—0.03
Keppel Shipyard	2.1	—0.09
Malay Banking	9.0	—0.15
Malay Brew	6.7	—0.15
Multi Purpose	1.2	—0.01
OCBC	9.9	—0.1
OUB	4.16	—0.06
Sime Darby	2.16	—0.05
Straits St'mship	1.43	.....
Straits Trdg	5.35	—0.15
UOB	4.78	—0.14

SOUTH AFRICA

Aug 16	Price Rand	+ or —
Abercom	1.40	.....
AE&CI	7.9	—0.05
Anglo Am Coal	34	+1.5
Anglo Am Corp	22.4	—0.35
Anglo Am Gold	158	.....
Barclays Bank	15.75	—0.25
Barlow Rand	11.85	—0.25
Buffels	76.5	—0.25
CNA Gallo	2.05	—0.05
Currie Finance	3.65	.....
De Beers	9.12	—0.08
Driefontein	48.4	+0.15
FS Geduld	50	.....
Gold Fields SA	27.4	—0.85
Highveld Steel	5	—0.1
Nedbank	12.25	—0.5
OK Bazaars	15	+0.5
Protea Hldgs	1.75	—0.05
Rembrandt	27.25	.....
Rennies	15	.....
Rust Plat	14.6	—0.05
Sage Hldgs	7.1	.....
SABrews	6.55	.....
Smith CG	17.9	.....
Tongaat Hulets	8.4	—0.15
Unisec	5.3	—0.1

CANADA

TORONTO

Closing prices August 16

Sales	Stock	High	Low	Close	Chng
351	Abti Price	$30	29½	30	+1¼
7525	Agnico E	$15¼	15⅛	15⅛	—⅛
400	Agra Ind A	$5	5	5	
14421	Alt Energy	$21⅛	20¾	21	+⅛
2060	Algoma St	$21⅝	21¼	21¼	—⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32915	Daon Dev	155	151	152	—3
2150	Denison A	$17½	17	17½	+¼
9065	Denison B f	$17⅛	16⅞	17	+¼
29800	Develcon	$14	13½	14	+⅜
41900	Dicknsn A f	480	470	470	—5
16100	Dicknsn B	475	460	475	+15
2000	Doman A	248	245	248	+8
8730	Dofasco A	$23	22⅞	22⅞	
17500	Dom Stores	$19¼	19⅛	19¼	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1728	Lacana	$12	12	12	
80	LL Lac	$32	31⅞	32	—½
2077	Loblaw Co	$15½	15⅛	15⅛	—⅛
400	MDS H A	$16	16	16	
2	MICC	360	360	360	+80
3500	Mclan H X	$21½	21½	21½	
14200	Merland E	440	425	435	—5
45402	Molson A f	$18½	18	18⅛	—⅜
25200	Molson B	$17¾	17⅝	17⅝	—⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11059	Stelco A	$22⅞	22½	22⅞	—½
50	Steep R	315	315	315	—20
3577	Sulpiro B f	375	365	375	—5
50	Suncor pr	$23⅞	23⅞	23⅞	
1237	Sydney o	50	50	50	—8
1200	Talcorp	93	92	92	—3
500	Teck Cor A	$9½	9¼	9¼	
9000	Teck B f	$9⅛	8⅞	9	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTREAL

Closing prices August 16

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued on Page 21

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LinBrd		834	22¾	22¼	22¼ +⅛
LincTel	2	40	28½	28	28
LizClab	.50	381	46	45¼	45¼ +½
LongF	1.20	53	24¾	24¼	24⅝ —⅛
Lotus		2801	23	22½	22½ —⅛
Lynden		17	20	20	20 +⅛
Lypho s		327	12¼	12	12¼ +⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 30

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Brown Shipley	388	+13
Davy Corp.	88	+12
Hill Samuel	288	+10
House of Fraser	276	+8
Lincroft Kilgour	122	+7
Matthews (B.)	220	+15
Munford & White	125	+15
Royal Ins.	472	+22
S & U Stores	24	+4
Saatchi & Saat.	735	+25
Whessoe	90	+12
York Tr. 10% c.p.	115	+10
Burmah Oil	192	+6
Petranol	495	+40
Santos	414	+12
Southwest Res.	64	+6

FALLS

A.B. Elect.	485	—10
AGB Research	308	—22
Grand Met.	298	—4
ICI	592	—4
Ladbroke	213	—7
STC	274	—8
Trusth. Forte	120	—4
Waring & Gillow	125	—5
BP	475	—10
Shell Trans.	613	—7

LONDON STOCK EXCHANGE

MARKET REPORT

Nervous session closes with markets regaining confidence on base rate hopes

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 30	Aug 9	Aug 10	Aug 20
Aug 13	Aug 30	Aug 31	Sept 10
Sept 3	Sept 13	Sept 14	Sept 24

* "New-time" dealings may take place from 9.30 am two business days earlier.

Adverse U.S. influences, coming on top of the stalemate in the dispute which is threatening peace in the docks, unsettled London markets yesterday. Awaiting developments on the UK interest rate scene, investors were reluctant to operate, and after lower in reflection of Wall Street's dismal tone overnight, prices fell further.

The pressure on the two main London investment areas was light. But concern over the problems of Financial Corporation of America's problems and the implications for interest rates of last month's continued buoyancy in industrial production, all served to undermine sentiment.

Government stocks were ½ down before picking up in the afternoon on news of the authorities' moves in UK money markets. The Bank of England cut dealing rates in the short-term bands by ¼ of a percentage point, signalling approval for a similar reduction by the clearing banks. A satisfactory Public Sector Borrowing Requirement for July assisted the recovery which gained impetus later on to leave Gilt-edged stocks only fractionally lower on balance.

Applications for the new tap stock, Treasury 10½ per cent Convertible 1992, were alloted in full at the minimum tender price of £95.25. Dealings begin this morning in £30-paid form and, given an extension of yesterday's late rally, the Government broker could be tested for supplies. Overseas investors may lead the charge for stock.

Speculative Equities commanded attention again at the expense of the leaders which sustained double-figure losses before picking up late. Considerable activity surrounded J. H. Fenner, which were heavily bought by brokers acting for the company and bidding group Hawker Siddeley before the bid expired at 3.00 pm yesterday. After-hours, Hawker announced that the offer had lapsed. Measuring the trend of leading shares, the FT Industrial Ordinary share index was over 11 points down at 3.00 pm but closed the session a net 7.5 lower at 834.1.

Royal Ins. rise sharply

A cautiously optimistic statement and a small dividend increase helped Royal Insurance shrug aside the poor interim results and the shares moved up from 440p, to 458p on the announcement; the appearance of a sizeable buyer then lifted the price to 476p before the close of a net 22 up at 472p. Royal's statement also gave a mild boost to other Composite Insurances. Guardian Royal Exchange closed 4 dearer at 570p, after 558p, while General Accident, down to 440p initially, picked up to close only 3 cheaper on balance at 452p. Commercial Union finished a penny off at 182p, after 180p. Sun Alliance rose 5 to 365p helped by the successful bid for Phoenix.

Dull initially, the major clearing banks picked up on the appearance of small buyers to close virtually unchanged. NatWest, however, were still influenced by weakness in the new nil-paid shares, down another 5 at 260p premium, after 258p premium; the old reacted afresh to 456p prior to closing a net 5 down at 462p. Two of the potential takeover candidates performed well in the Merchant Banking sector. Hill Samuel rose 10 to 288p and Brown Shipley gained 13 to 388p. Mercury Securities, however, shed 15 to 450p, a fall of 38 since it unveiled the terms of its proposed merger with stockjobbers Akroyd and Smithers and stockbrokers Rowe and Pitman and Mullens. The undertone in Discounts remained firm awaiting further moves on the interest rate front. Union Discount hardened 8 to 693p and Gerrard and National added 3 to 315p.

Investors continued to shy away from the drinks sector. Leading Breweries again displayed modest fall with Bass 3 off at 390p and Allied-Lyons a couple of pence cheaper at 158p. Among regionals, Wolverhampton and Dudley hardened 2 to 222p in response to a Press mention. Elsewhere, cider makers H. P. Bulmer succumbed to small selling and shed 7 at 160p.

Leading Buildings opened lower, but some issues met with light support. George Wimpey finished a penny dearer at 109p, after 107p, while Barratt Developments, down to 92p initially, picked up to 96p prior to closing without alteration at 94p. Taylor Woodrow hardened 3 to 338p, but Marchwiel softened a couple of pence to 216p; the latter's interim results are due on Monday. Among Cements, Blue Circle remained a dull market and shed 5 more to 390p. Elsewhere, brick concern Ibstock Johnsen continued to attract speculative support on takeover hopes and gained 4 to a 1984 peak of 234p. Magnet and Southerns rallied a couple of pence to 126p, but Meyer International lost the turn to 106p. Profit-taking clipped 3 from speculative counter Trent Holdings at 96p.

Frasers feature

After opening lower at 586p on Wall Street influences, ICI picked up on light domestic support and colsed 4 cheaper on balance at 592p. Recently firm Laporte slipped 5 to 340p and Allied Colloids lost the same amount to 380p.

A few pence cheaper for most of the day, leading Retailers responded to occasional support after-hours and many closed unchanged on the session. Once again, House of Fraser provided an exception and firmed 8 to 276p in a lively business as speculation of a takeover attempt from U.S. sources continued.

Special situations dominated otherwise quite second-line Stores. Lincroft Kilgour rose 7 to 122p, still some 14 below the increased and final shares-and-cash offer from Mr Graham Ferguson Lacey's John Finlan, unchanged at 90p; the former's board were swift to issue a vehement rejection of the revised terms. Waring and Gillow announced the expected recovery in full-year profits but dipped 5 to 125p, after 123p in the absence ofan ys tatement concerning the bid approaches made to the company earlier in the year. Also on results, A. and J. Gelfer eased the turn to 80p following virtually unchanged preliminary figures. S. and U. Stores advanced 4 to 47p, with the 25 per cent Preferred rising 7 to 38p, both on the proposed capital reorganisation. K. O. Boardman International firmed 1½ at 13p with the aid of "call" option business, but profit-taking clipped 6 from Susarin Clothes, 78p, Superdrug, 305p, and Harris Queensway, 158p.

First-quarter figures from Plessey, down 4 at 208p, after 204p, failed to inspire. Elsewhere in the Electrical sector, ICL closed unchanged at 87p following the agreed revised offer from Standard Telephones and Cables; the latter ended 8 cheaper at 274p, after 272p. Mumford and White, also the subject of an agreed bid from Lep Group, closed 15 to the good at 125p. Lower interim profits left Louis Newmark 5 off at 190p, while other dull spots included Oxford Instruments, down 11 at 267p and Logica, 7 lower at 370p.

Revived speculative demand amid persistent talk of a bid from either Trafalgar House or Babcock prompted an active trade in Davy Corporation which settled at around the day's best with a rise of 12 at 88p. Babcock eased 5 to 134p and Trafalgar House a penny to 245p. Among other Engineers, country buying left Whessoe 12 to the good at 90p. Hill and Smith, up 5 at 59p, after 61p, reflected the increased interim dividend and profits, but trading statements left Victor Products a couple of pence lower at 78p and MS International a penny off at 48p. Birmingham Mint gave up 6 to 220p on news that Gomba Holdings had reduced its stake in the company.

Leading Foods displayed small irregular movements. Tate and Lyle finished a couple of pence firmer at 365p, after 360p, but Cadbury Schweppes, 135p, and Unigate, 123p, both lost 2. Brooke Bond, the subject of considerable speculative interest on Wednesday on hopes of a counter to Tate and Lyle's bid, edged up to 114p prior to closing unchanged at 113p. Secondary issues displayed a firm which gained 15 to 220p on news feature in Bernard Matthews of its agreement with the New Zealand Meat Producers Board whereby Matthews will market boneless New Zealand lamb roast through Europe.

Hotels and Caterers presented a decidely dull picture. Grand Metropolitan remained on offer on fears of a U.S. cigarette price war and shed 4 for a two-day fall of 20 to 298p, while Ladbroke encountered persistent selling and gave up 7 to 213p and Trusthouse Forte fell 4 to 120p. Elsewhere, Garfunkels lost 10 to 170p.

Fenner bid lapsed

J. H. Fenner claimed considerable attention ahead of yesterday's 3.00 pm closing for acceptances . of Hawker's bid Buying on behalf of both Hawker and Fenner took the latter's price up to 141p at one stage. However, the after-hours announcement that Hawker had lapsed its offer saw Fenner fall smartly to 118p before settling at 126p, up a penny on the day. Hawker closed 5 cheaper at 428p. Elsewhere in the miscellaneous industrial sector, disappointing preliminary results left AGB Research 22 lower at 308p. Interim figures failed to stimulate Transport Development, 3 lower at 93p. Recent speculative favourites Wedgwood, 164p, and Metal Closures, 180p, ran back 5 and 6 respectively, but Toye improved 5 to 130p on news that Gomba Holdings had increased its stakei n the company to 18.13 per cent.

USM-quoted Television South shed 4 to 132p and the 14 per cent Loan lost 4 points to £113 on news of the £8m cash call in convertible stock to fund further expansion; the company is seeking a full Stock Exchange listing.

Recent reports of the recovery in the domestic truck trailer market were partly confirmed yesterday when York Trailer, a penny up at 33p, after 34p, revealed sharply increased first-half profits and the resumption of the Preference dividend from December; the 10 per cent Cumulative Preference shares touched 120p before settling 10 dearer on balance at 115p.

A couple of firm features emmerged among Publishers. Fresh speculative demand lifted Fleet Holdings 5 to 197, while East Midlands Allied Press "A" advanced a similar amount to 93p. Metal Bulitin, due to reveal interim figures next Thursday, hardened 5to 165p. Among advertising agencies, Saatchi and Saatchi stood out with again of 25 to 735p; the company's U.S. subsidiary, McCaffrey and McCall has won the Democratic party's publicity account for the Presidential election, which is expected to produce billings worth some $40m.

Burham Oil advance

Leading Oils gave ground at the outset, unsettled by the decline on Wall Street, overnight, but subsequently staged a minor rally.Burmah Oil slipped ot 183p, but recovered wel in the afternoon to close a net 6 firmer at 192p amid persistant takeover rumours: the company's interim results are scheduled for September 13. BP, due to report second-quarter figures on September 6, drifted back to 473p before steadying to close 10 lower on balance at 475p, while Shell were finally 7 off at 613, after 610.

Among secondary issues Petranol jumped 40 more to 495p for a two-day gain of 75. Southwest Resources rose 6 to 65p reflecting the recent oil exploration deal in Thailand.

Quiet Mines

Mining markets mirrored the narrow movements in the bullion price and generally closed with minor changes in either direc. tion

Gold dipped to around $35.50 in initial dealings before rallying and closing a net 25 cents up at $352.75 an ounce.

Movements in South African Golds were largely technical. Among the leaders Vaal Reefs were in demand and rose almost a point to £78½, while Doornfontein put on a similar amount to 16½. St Helena, on the other hand reacted on persistent small selling and feel away to close a net ½ lower at 19½.

The Gold Mines index edged up 1.1 to 561.8

Although generally subdued in line with Golds the South African Financials provided a firm features in "Amcoal," which advanced a half-point to £16.

London-domiciled Financials were erratic. Initially easier in the wake of the renewed decline in domestic equities and the early fall in bullion, Consolidated Gold Fields subsequently rallied to close6 higher at 523p. Rio Tinto Zinc, however, remained under pressure and followed Wednesday's 12 loss with a further fall to 563p. Charter Consolidated gave up a like amount to 253p.

Australian issues failed to arouse much enthusiasm in London despite a firm showing by overnight Sydney and Melbourne markets; the last named to lower dometic interest rates.

Of the leading issues, MIM Holdings managed a gain of 3 to 191p and Western Mining edged up a couple of pence to 225p. Golds showed Gold Mines of Kalgoorlie 5 better at 470p and Central Norseman a like amount up at 328p. Among the more speculative stocks, Southern Resources were prominant and advanced 4 to 67p. Cultus Pacific gained 2½ to 14½.

Demand for Traded Options continued to decline. 2,635 contracts were down in an evenly-balanced business comprising 1,360 calls and 1,275 puts. Commercial Union attracted 302 calls, 165 in the October 200's, and 249 puts, while Shell Transport attracted 280 calls, 90 in the October 650's. Today marks the introduction of option trading in Jaguar.

FINANCIAL TIMES STOCK INDICES

	Aug. 16	Aug. 15	Aug. 14	Aug 13	Aug 10	Aug 9	Year ago
Government Secs ...	80.17	80.22	80.57	79.95	80.08	79.10	79.63
Fixed Interest	83.01	83.06	83.14	82.86	83.26	82.62	82.52
Industrial Ord.	834.1	841.6	849.6	840.5	846.3	827.1	738.9
Gold Mines	561.8	560.7	563.0	543.6	557.2	537.9	666.8
Ord. Div. Yield	4.95	4.91	4.86	4.92	4.89	4.97	4.64
Earnings, Yld.% (full)	11.65	11.56	11.45	11.59	11.51	11.67	9.18
P/E Ratio (net) (*).....	10.32	10.40	10.50	10.57	10.44	10.32	13.66
Total bargains (Est.)	17,713	18,571	18,060	19,986	20,319	16,825	21,292
Equity turnover £m.	—	263.36	247.99	281.35	402.82	279.53	238.92
Equity bargains	—	16,729	16,945	19,681	22,289	14,922	19,478
Shares traded (ml)...	—	155.4	140.0	147.1	217.0	141.8	139.9

10 am 831.4. 11 am 832.6. Noon 831.6. 1 pm 830.7. 2 pm 830.7. 3 pm 830 5.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=9.88.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.72 (30/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int	87.48 (14/3)	80.43 (30/7)	155.4 (26/11/47)	50.03 (3/1/75)
Ind. Ord.	922.8 (3/5)	755.3 (23/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/5)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug 15	Aug. 14
Daily Gilt Edged Bargains	150.8	165.0
Equities Bargains	108.4	109.8
Value	552.3	501.2
5-day Average Gilt Edged Bargains	169.0	177.8
Equities Bargains	117.4	113.4
Value	666.3	601.0

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

FIXED INTEREST

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (22)

AMERICANS (1)
SCA Services
CANADIANS (1)
Hawker Siddeley Canada
BUILDINGS (1)
Ibstock Johnsen
STORES (3)
S & U Stores, do 25pc Pf., Lincroft Kilgour
ELECTRICALS (3)
Bowthorpe, CASE, Cny Electronics
ENGINEERING (1)
Hill & Smith
FOODS (3)
Global Group, Hinton (A.), Matthews (B.)
INDUSTRIALS (5)
Celestion, Fothergill & Harvey, Hollis Bros., Lee, Spring Ram
INSURANCE (1)
Stewart Wrightson
NEWSPAPERS (1)
E. Mid. Allied "A"
TRUSTS (1)
Murray Western
PLANTATIONS (1)
Williamson Tea

NEW LOWS (12)

AMERICANS (1)
Financial Corp. America
STORES (1)
Kent (John)
ENGINEERING (1)
Chemring
FOODS (1)
Alpine Soft Drinks
INDUSTRIALS (3)
Bestobell, Business Computers, Stainless Metalcraft
LEISURE (1)
Boosey & Hawkes
MOTORS (1)
Gates (F. G.)
PROPERTY (1)
Speyhawk
SOUTH AFRICANS (1)
Messina
TEXTILES (1)
Stroud Riley Drummond

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
BSR Intnl.	22	165	−28
NatWest Bank†	21	265pm	−15
Grand Met. ...	15	302	−16
ICI	15	596	− 6
Bowater Inc....	14	£14¼	− 0¼
Beecham	13	335	—
Davy Corpn. ...	13	76	− 8
Glaxo	13	925	−13
Royal Insce. ...	13	450	− 5
AB Electronic...	12	495	+30
BP	12	485	+ 2
Charter Cons. .	12	257	+11
Euro. Ferries ...	12	108½	—
Premier Cons. .	12	62	− 1

† Nil paid.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Industries	280	−3
Brooke Bond	113	—
Burmah Oil	192	+6
Davy Corporation	88	+12
Fenner (J. H.)	126	+1
House of Fraser	276	+8
ICI	592	−4
Jaguar New	176	−2
Lonrho	152	—
NatWest Bank	452	−5
Royal Insurance	472	+22
Whessoe	90	+12

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug 6	Aug 17	Nov 8	Nov 19
Aug 20	Aug 31	Nov 22	Dec 3
Sept 10	Sept 21	Dec 6	Dec 17

For rate indications see end of Share Information Service.

Money was given for the call of Falcon Resources, John Brown, Commercial Union, Royal Bank of Scotland, Bowater, Single, Aran Energy, K. O. Boardman International, Kwik-Fit, Dares Estates, L. and J. Hyman, Atlantic Resources, Astra Industrial, and Combined Technologies. Puts were taken out in Davy Corporation and Charterhouse, but no double were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	22	33	49
Corpns. Dom. and Foreign Bonds	3	17	99
Industrials	156	419	837
Financial and Props	65	165	294
Oils	13	33	76
Plantations	1	6	14
Mines	34	36	105
Others	30	114	107
Totals	313	825	1,538

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$325	35	29	—	—	—	—	$352
GOLD C	$350	107	3	82	20	2	29.50	"
GOLD C	$375	—	—	16	8.50	4	17	"
GOLD C	$400	—	—	11	3.30	6	9.50	"
GOLD P	$325	—	—	2	3	100	5	"
GOLD P	$350	12	1.50	—	—	100	12	"
GOLD P	$375	3	22.50 A	6	22.50 B	—	—	"

TOTAL VOLUME IN CONTRACTS: 15,081
A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		CALLS Oct.	CALLS Jan.	CALLS Apr.	PUTS Oct.
B.P. (*475)	420	65	73	78	6
	460	27	40	48	22
	500	10	23	30	47
	550	4	7	—	87
Cons Gold (*519)	460	70	82	87	7
	500	40	52	62	25
	550	18	28	37	47
	600	7	16	—	90
	650	2	8	—	137
Courtaulds (*125)	110	15	17	20	3
	120	9	11	13	6
	130	5	7	9	13
	140	2	5	—	21
	160	1	3	—	40
Com. Union (*181)	160	28	—	—	3
	180	13	21	27	9
	200	8	13	15	24
	220	4	7	11	43
	240	2½	—	—	62
G.E.C. (*206)	160	50	54	58	2
	180	30	36	42	3
	200	14	22	28	8
	220	5	10	16	20
Grand Met. (*298)	275	32	—	—	3
	280	—	38	48	—
	300	14	20	26	11
	330	5	10	14	34
	360	2	4	—	64
I.C.I. (*590)	500	100	104	108	2
	550	58	56	64	8
	600	20	32	42	32
	650	6	16	—	63
Land Sec. (*286)	240	52	—	—	1
	260	34	40	46	4
	280	17	23	29	8
	300	6	12	17	19

Aug. 16. Total Contracts 2,635. Calls 1,360. Puts 1,275.
* Underlying security prices.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100½	99⅞	Treas 12pc 1984	100	+1/32	12.00	11.02
105⅝	101⅝	Treas. 15pc 1985	102¼xd	.....	14.67	10.33
102¾	100	Exch. 12pc Cnv. '85	101 3/16xd	+1/32	11.88	10.36
95⅜	93	Treas 3pc 1985	94[illegible]		3.17	10.40
102⅝	99½	Treas 11½pc 1985	100[illegible]	+1/16	11.40	10.38
99¼	96⅜	Treas 8¾pc Cnv '85	98½xd	+⅛	8.88	10.32
104⅝	99⅞	Exch. 12¼pc 1985	101[illegible]	.....	12.02	10.47
103[illegible]	99	Exch. 11¾pc '86	101[illegible]xd	.....	11.58	10.68
102[illegible]	96	Treas. 10pc Cnv 1986	98[illegible]	+⅛	10.13	10.85
91	88⅝	Treas 3pc 1986	90⅞	−⅛	3.30	8.71
102	96⅛	Exch. 10½pc Cv '86	99[illegible]	+1/16	10.57	10.89
104[illegible]	99	Treas 12pc 1986	101[illegible]	−⅛	11.84	11.14
98¼	93½	Treas 8½pc 1984-86‡‡	95[illegible]	−1/16	8.87	10.98
108[illegible]	102	Exch. 14pc 1986	105¼	+⅛	13.30	11.39
87⅛	85	Exch. 2½pc 1986	86⅝	.....	2.89	9.16
107[illegible]	100	Exch. 13¼pc 1987	103[illegible]	.....	12.75	11.31
100⅝	94½	Treas 10¼pc Cv '87	97[illegible]	.....	10.49	11.32
86⅛	83⅛	Exch 2½pc 1987	85xd	.....	2.94	9.31
101[illegible]	94½	Exch. 10½pc 1987	97[illegible]	.....	10.72	11.40
92[illegible]	87	Funding 6½pc '85-87‡‡	89⅜	−⅛	7.27	11.14
99⅝	92⅞	Treas. 10pc 1987	96⅜	+1/16	10.38	11.51
85	81	Treas 3pc 1987	83⅞	.....	3.58	9.47
105	97⅛	Treas. 12pc 1987	101	+1/16	11.86	11.50
94⅞	87	Treas 7¾pc 1985-88‡‡	89⅞	−1/16	8.62	11.37
100¼	92	Exch 10½pc '88	96	−1/16	10.89	11.68
98	89	Treas 9¾pc Cv '88	94⅛	+1/16	10.36	11.68
82	77	Transport 3pc '78-88	78	−⅛	3.85	9.48
96	88	Treas 9½pc '88	92¾	.....	10.24	11.71
106¼	94	Treas 11½pc 1989	99¾xd	.....	11.53	11.56
95	87	Treas 9½pc Cnv. '89	92⅞	−1/16	10.23	11.50
96	90	Treas 10½pc 1989	95¾	.....	10.97	11.66
100	88⅞	Exch. 10pc 1989	93¾	.....	10.67	11.69

Five to Fifteen Years

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
38	35	Exch 11pc 1989 (£35pd)	37	+1/16	11.32	11.74
85⅛	77½	Treas 5pc 1986-89	82⅛	−⅛	6.22	9.93
112⅛	100⅛	Treas 13pc 1990‡‡	106½	.....	12.34	11.62
110⅞	101½	Exch 12½pc 1990	102¼xd	.....	12.08	11.67
93⅛	84⅞	Treas 8¼pc 1987-90‡‡	89¾	.....	9.34	11.00
98	90⅝	Treas. 10pc Cv 1990	98⅛	.....	10.74	11.56
107	94⅛	Treas 11¾pc 1991	101¼	.....	11.60	11.72
84⅛	75⅝	Funding 5¾pc '87-91‡‡	88¾	−⅛	7.31	10.26
105¾	93⅞	Exch. 11pc 1991	100⅞	.....	11.35	11.62
112⅝	98⅞	Treas 12¾pc 1992‡‡	106¼	+⅛	12.10	11.64
100⅝	86	Treas 10pc 1992	92⅞xd	.....	10.75	11.41
—	—	Tr. 10½pc Cv '92 £30pd●	£95¼	.....	11.02	11.46
111⅛	95½	Exch. 12¼pc '92	102½xd	−⅛	11.92	11.71
117½	106¼	Exch 13½pc 1992	107¾xd	+¼	12.38	11.75
113⅜	98½	Treas 12½pc 1993‡‡	105¾	.....	11.95	11.65
78¾	71¼	Funding 6pc 1993‡‡	73½xd	.....	8.11	10.53
121¾	106¾	Treas 13¾pc 1993‡‡	114½	−⅛	12.36	11.70
126¾	108¼	Treas 14½pc 1994‡‡	116½xd	−⅛	12.42	11.56
120⅝	106	Exch 13½pc 1994	114¼	.....	12.28	11.73
114⅛	96¼	Exch. 12½pc 1994	104⅞xd	.....	11.90	11.64
94½	82⅞	Treas 9pc 1994‡‡	89⅛	+¼	10.36	11.17
109¼	94⅞	Treas 12pc 1995	103¾	−⅛	11.69	11.55
64¼	58¼	Gas 3pc '90-95	62⅞	+⅛	4.88	8.56
99¼	86	Exch. 10¼pc 1995	93¾	−⅛	11.07	11.44
117⅞	102⅝	Treas 12¾pc 1995‡‡	111¾	.....	11.81	11.45
122⅝	106⅞	Treas. 14pc '96	115¾	.....	12.23	11.66
94⅜	83½	Treas 9pc 1992-96‡‡	86xd	+⅛	10.38	11.08
134⅞	118¼	Treas 15¼pc 1996‡‡	127⅛	−¼	12.43	11.64
122¼	106½	Exch 13¼pc 1996‡‡	115¼	.....	11.85	11.38
69½	63¼	Redemption 3pc 1986-96	66½	.....	4.59	7.37
120	104½	Treas 13¼pc 1997‡‡	113¾	.....	11.80	11.36
104½	87⅞	Exch 10½pc 1997	95xd	+⅛	11.04	11.23
92½	77½	Treas 8¾pc 1997‡‡	83¼xd	+⅛	10.40	11.09
134⅝	118¼	Exch. 15pc 1997	127⅛	−¼	12.24	11.61
95½	84½	Exch. 9¾pc 1998	91⅜	−⅛	10.76	11.10
78	68	Treas 6¾pc 1995-98‡‡	73¾	.....	9.41	10.72
138⅝	123⅞	Treas. 15½pc '98‡‡	133¾	−⅛	12.16	11.51
115	100½	Exch. 12pc 1998	108¼	−⅛	11.39	11.22
96	83⅞	Treas 9½pc 1999‡‡	98⅝	.....	10.58	10.92
116¾	104	Exch. 12¼pc 1999	112⅛	.....	11.39	11.18
104½	91	Treas. 10½pc 1999	98⅝	.....	10.93	11.04

Over Fifteen Years

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
102½	89¼	Convers'n 10¼pc 1999	96⅝	.....	10.88	11.03
121½	106¾	Treas. 13pc 2000	115	.....	11.42	11.13
128½	112¾	Treas. 14pc '98-01	121	−⅛	11.90	11.41
113¾	98⅝	Exch. 12pc '99-02	107½	−⅛	11.25	11.06
98¾	90	Conv. 10pc 2002	97⅞	+⅛	10.60	10.71
126¾	110¼	Treas. 13¾pc 2000-03	120¼	.....	11.52	11.12
114⅞	101½	Treas. 11½pc 2001-04	104½xd	−¼	10.90	10.79
50	43¾	Funding 3½pc '99-04	48¼	+⅛	7.30	9.28
123⅝	107¾	Treas. 12½pc 2003-05	117	−⅛	10.97	10.75
87¼	76⅞	Treas. 8pc 2002-06‡‡	83¾	.....	9.95	10.25
115⅝	100	Treas. 11¾pc 2003-07	109¼	+⅛	10.84	10.69
132¼	117⅝	Treas. 13½pc '04-08	127¾	+⅛	11.06	10.77
64⅞	56¼	Treas. 5½pc 2008-12‡‡	59¾xd	.....	9.23	9.72
84¼	72¼	Treas. 7¾pc 2012-15‡‡	79¼	.....	9.84	9.98
124½	108⅞	Exch. 12pc '13-'17	118⅛	.....	10.35	10.26

Undated

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
40⅞	35⅞	Consols 4pc	39	.....	10.30	—
37⅝	32½	War Loan 3½pc‡‡	35⅛	.....	10.10	—
44⅞	40¼	Conv. 3½pc '61 Aft.	42	−⅛	8.60	—
31⅝	27⅛	Treas. 3pc '66 Aft.	29⅝	.....	10.52	—
25¼	22¼	Consols 2½pc	24½	.....	10.33	—
26	23	Treas. 2½pc	25	.....	10.39	—

Index-Linked

1984 High	Low	Stock	(b)	Price £	+ or −	(1)	(2)
104¾	101	Treas. 2pc '88	(297.1)	103	−¼	4.46	5.37
91¼	85	Do. 2pc '90	(333.9)	87	.....	4.73	5.34
106½	98½	Do. 2pc '96	(267.9)	108¼xd	.....	4.03	4.33
97⅛	88⅝	Do. 2½pc '01	(308.8)	92¼	−¼	3.74	3.97
96½	87⅞	Do. 2½pc '03	(310.7)	91½	−¼	3.63	3.85
99⅞	90¼	Do. 2pc '06	(274.1)	93¼	−¼	3.52	3.70
95⅝	87⅜	Do. 2½pc '09	(310.7)	98¾	−⅛	3.46	3.64
102⅞	91⅝	Do. 2½pc '11	(294.1)	95½xd	−⅛	3.40	3.56
92⅝	82½	Do. 2½pc '16	(322.0)	86¾	−⅛	3.33	3.48
92	81⅝	Do. 2½pc '20	(327.3)	85½	−⅛	3.31	3.45

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for Nov., 1983: 341.9 and for June, 1984: 351.9

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
92⅛	82⅞	Asian Dev Bk 10¼pc Ln 2009	89½	−1	11.69	11.79
120½	105¼	Australia 13½pc 2010	113½	−½	11.97	11.89
104¼	93¼	Do. 11¾% Ln 2015	100¼	−¾	11.76	11.76
101½	91⅛	Euro Inv Bk 11pc Ln 2002	99	−¼	11.63	11.72
108⅜	102⅞	Finland 14½pc Ln 1986	104⅝	−¼	13.86	11.40
110⅜	95¼	Int-Am Dev Bk 12¾pc 2003	104¼	−¼	12.15	12.09
106⅝	101¼	Int. Bank 13½pc 1986	103⅜	−¼	13.06	11.25
109⅝	102¾	Do. 14pc Ln 1987	105¼	−¼	13.30	11.60
104¾	97¼	Mlysia 12¼pc Ln '88	100	−¼	12.25	12.22
100¼	92¼	Mex 16½pc 2008	95xd	−¾	17.24	18.06
110⅜	103	NZ 14¼pc 1987	106	−⅛	13.44	11.70
103¾	90¼	Do. 11¾pc 2008	97	−1	12.00	12.04
106¾	101¼	Sweden 13½pc 1986	103¼	−¼	13.09	11.30
117⅜	102	Sweden 13½pc Ln 2010	110½	−¾	12.32	12.26

CORPORATION LOANS

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
102½	98	Bath 11¼pc 1985	99⅝	.....	11.29	11.51
103	99½	Birm'ham 12½pc 1985	101	.....	12.38	11.10
105¼	99¼	Burnley 13pc 1987	102¼	.....	12.71	11.98
101¼	96½	Cardiff 11pc 1986	98[illegible]xd	.....	11.15	11.66
82	72	GLC 6¾pc 1990-92	75¼xd	−½	8.97	11.77
90¼	85¼	Herts 6½pc 1985-87	88	.....	7.66	11.65
124	110	Leeds 13½pc 2006	118¼	.....	11.91	11.77
30¼	23½	Liverpool 3½pc Irred.	27½	.....	13.13	—
99¼	96	Lon. Cpn 9¼pc 84-85	97½	.....	9.49	11.60
87¼	83¼	LCC 5½pc '85-87	85½	.....	6.43	11.66
85	77	Do 6¾pc '88-90	80	−½	8.50	11.66
26¼	22	Do. 3pc '20 Aft.	24½	.....	12.33	—
102	99	Sunderland 12¼pc 1984	100⅛	.....	12.23	11.58

COMMONWEALTH AND AFRICAN LOANS

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
82½	74	NZ 7¼pc 1988-92	78	.....	9.39	11.75
96¼	92	Do. 7½pc '83-86	94½	.....	8.05	11.66
181	179	S. Rhod. 2½pc Non-Ass.	180	.....	—	—
92	82	Do. 3½pc 80-85 Asstd.	88	.....	3.95	15.80
65	52½	Do. 4½pc 87-92 Asstd.	64	.....	7.29	12.60
375	308	Zimbabwe Ann (£100pa)	332	.....	—	15.40

LOANS

Building Societies

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101	99[illegible]	N'wide 11¼pc 20.8.84	99[illegible]xd	.....	11.26	12.17
101	99¾	Do. 11pc 3.9.84	99[illegible]	.....	11.01	11.45
100⅝	98	Do. 10[illegible]pc 8.10.84	99[illegible]xd	.....	10.34	11.95
100	99	Do. 10¼pc 5.11.84	99⅝	.....	10.29	11.45
100⅝	99	Do. 10⅛pc 3.12.84	99½	.....	10.18	11.43
120	99	Do. 10½pc 24.12.84	99	.....	10.55	11.25
100½	98[illegible]	Do. 10¼pc 28.1.85	99½	.....	10.30	11.73
100½	98¼	Do. 10[illegible]pc 18.2.85	99	.....	10.23	11.00
100	97¼	Do. 9[illegible]pc 25.3.85	99	.....	9.53	11.12
100⅞	97¼	Do. 9¾pc 15.4.85	99	.....	9.84	11.18
100	97¼	Do. 9[illegible]pc 7.5.85	99	.....	9.91	11.20
100⅞	98¼	Do. 11pc 3.6.85	99[illegible]	.....	11.02	11.19

Public Board and Ind.

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
77⅜	70¼	Agric. Mt. 5pc '59-89	74¼xd	.....	6.73	12.14
37⅜	34	Met. Wtr. 3pc 'B'	37xd	.....	8.07	10.99

Financial

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100½	96¼	Inv. in Ind. 6¼% Db 81-84	100¼	.....	6.23	12.60
103½	96½	Do. 11pc Uns Ln. '88	98¼	.....	11.20	12.20
105¼	97	Do. 11¾pc Uns. Ln. '90	99½	.....	11.97	12.20
109	95½	Do. 12½pc Un. Ln. 1992	99	.....	12.63	13.90
81	71	Do. 7¼pc A '91-94	71½xd	.....	10.14	12.20
91½	79½	Do. 9pc A '91-94	79½xd	.....	11.91	13.56
90	76½	Do. 8¾pc Ln '92-97	79	.....	11.29	12.10

FOREIGN BONDS & RAILS

1984 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
14	10	Chinese 4½pc 1898	12	.....	—	—

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
95	65	Marley	72xd	–2	†3.2	2.5	6.3	8.1
58½	40	Marling Ind. 10p	52	.....	1.3	♦	3.6	♦
46	29	Marshall L'ey. 'A'	40	.....	1.2	3.6	4.3	(7.1)
*54	37	Marshall's Univ	50	.....	♦H1.75	—	5.0	15.0
30	20	Martin-Black	22	.....	—	—	—	—
£108	£88	♯Mathesons 7¾%	£95	–3	Q7¾%	2.3	18.2	—
378	287	Metal Box £1	326	–4	15.0	3.0	6.6	5.5
220	129	Metal Closures	180	–6	6.3	2.3	5.0	(10.0)
27	13	♯Metal Sciences 2½p	15	–2	—	—	—	—
19	8	Metamec Jentique	11	.....	0.01	—	—	—
133	83	♯Midland Marts	93	.....	4.0	1.8	6.1	11.8
64½	45	Mitchell Cotts	52	+½	3.62	1.0	8.9	(15.0)
29	13	Moben Grp 1p	15	+1	0.5	2.5	4.8	(9.5)
168	132	Morgan Crucible	164	.....	7.5	1.2	6.5	(16.6)
18	13½	♯Morris (W) Fine Arts	15½	.....	bg0.25	4.0	2.3	14.2
*95	80	Moss (Robt.) 10p	92	.....	2.5	2.9	3.9	11.2
330	197	♯NMW Computers	300	.....	6.0	3.0	2.9	16.7
65	47	Nash Inds.	48xd	.....	4.0	2.2	11.9	5.5
47	30	Neil&Sp'ncer 10p	39	.....	—	—	—	16.8
33	16	Newman Industs	21	.....	—	—	—	(11.0)
31	16½	Do. 10pc Cm. Cnv. Pf.	19½	.....	10%	—	7.3	—
67	43½	Nolton	53	.....	1.0	2.9	2.7	18.6
175	132	Norcros	158	–1	7.5	2.4	6.8	8.3
86	59	Nu-Swift 5p	66	.....	—	—	—	12.9
100	50	Oakwood Grp.	65	.....	‡d6.5	—	‡	—
190	145	Office & Elect	165	.....	7.5	2.8	6.5	7.4
875	700	Oriflame Intl SA	778	.....	Q53c	2.2	5.2	8.7
46	25	Ovenstone 12½c	25	.....	Q4.5c	2.2	8.8	5.2
£146	£120	Ozalid Fin. Cv.	£134	.....	Q9%	—	16.8	—
190	155	♯PCT Grp 10p	155	.....	bg4.8	♦	4.3	♦
£12½	£12	PLM 'B' Sk 25	£12½	.....	—	—	—	—
207	148	Parker Knoll 'A'	150	+2	8.5	3.0	8.1	5.6
265	197	Pauls	205	–5	8.5	2.8	5.9	7.5
590	403	Pearson	550	–3	14.0	2.7	3.6	12.6
35	21	Peek Holdings	21	.....	—	—	—	—

LEISURE—Continued

1984 High	Low	Stock	Price	+ or –
38	9	♯Minsio Int 20c	10	.....
*137	104	Norton Opax 10p	110xr	–3
31½	14¼	♯Owners Abroad	15¼	.....
66	35	Photax (Lon.)	44	.....
29½	21	♯P'dilly Radio NV 5p	21xd	.....
130	73	♯Pineapple Dnc St 10p	78	–2
420	285	Pleasurama 5p	315	+3
14¼	10¼	♯Pres Entertain 10p	14¼	.....
158	75	♯Radio City 'A' NV	75	.....
70	55	♯Radio Clyde N.V.	55	.....
148	48	Riley Leisure 10p	58	–6
118	94	Saga Hols. 20p	100	.....
390	290	Samuelson Grp £1	350	+5
27½	19	♯Sangers Photo 10p	28	.....
164	98	Scott. TV 'A' 10p	158	.....
285	186	SeaCo Inc $0.125	264	–1
35	18	♯SelecTV 10p	23	.....
37	24	TSW 5p	30	.....
150	79	♯TVS N/Vtg 10p	132	–4
30	22	♯Television Svcs 10p	24½	.....
90	60	Tottenham Hotspur	69	.....
161	120	TridFnt TV 'A' 10p	156	–2
168	100	♯21st Century Dist.	105	+5
197	135	♯Tyne Tees TV 'A' £1	155	.....
83	53½	Ulster TV N/V 'A'	75	–1
25½	17	Webb (Jos.) 5p	18½xd	+½
98	88	Zetters 5p	89	.....

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1984 High	Low	Stock	Price	+ or –
76	38	BL 50p	42	.....
66	50	♯Coleman Milne 10p	60	.....
255	227	Gen. Mrs. Units	227	.....

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

INSURANCES

LEISURE

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
Central African							
280	150	Falcon Z50c	178	.....	Q100c	♦	34.3
17	11½	Wankie Col. Z$1	12½	.....	—	—	—
21	14	Zam.Cpr SBD0.24	15	–½	—	—	—
Australians							
45	23	♯ACM 50c	27	.....	—	—	—
38	17	♯Allstate Explrn NL	17	.....	—	—	—
10½	4	♯Asia Oil & Minerals	5¼	.....	—	—	—
[illegible]	[illegible]	...	...	...	...	...	...
370	210	♯Centennial Min'ls.	290	.....	—	—	—
175	100	♯Colby Res Corp.	135	.....	—	—	—
955	550	Cons. Murch. 10c.	600	.....	†Q100c	1.4	7.8
£20½	£14	Eastern Trns. Cns. 50c	£16	.....	Q90c	♦	3.1
30	25	♯Ennex Int. Ir10p	27	.....	—	—	—
252	160	Hampton Areas 10p	183	–2	3.75	2.1	2.8
205	140	♯Highwood Res	150	.....	—	—	—
£24½	£16	Homestake Mining $1	£19¾	.....	Q20c	—	0.8
55	25	♯New Sabina Res C$1	27	+2	—	—	—
365	220	Northgate C$1	310	+20	—	—	—
718	500	RTZ	563	–4	18.0	2.5	4.6
£155½	£113½	Do. 9½pcLn'95-2000	£130	.....	Q9½%	35.4	7.4
£11¼	850	♯Tara Exptn $1	875	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 163(4)(a).
- ♯ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ¶ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♯♯ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or –	Stock	Price	+ or –
			Fin 13% 97/02	£93½	.....
Albany Inv 20p	82	.....	Alliance Gas	65	.....
Craig & Rose £1	800	.....	Arnott	192	–6
Finlay Pkg. 5p	44	+4	CPI Hldgs	85	.....
Higsons Brew	82	.....	Carroll Inds.	106	.....
Holt (Jos) 25p	880	.....	Hall (R. & H.)	53	+3
IoM Stm. £1	105	–5	Heiton Hldgs.	19	.....
			Irish Ropes	35	.....
IRISH			Jacob (W & R.)	62½	.....
Exch. 12% 1985	£98⅝	.....	TMG	50	.....
Nat. 9¾% 84/89	£84⅛	.....	Unidare	73xd	–3¼

OPTIONS — 3-month call rates

Stock	p	Stock	p	Stock	p
Industrials		Hawker Sidd.	38	Vickers	14
Allied-Lyons	15	Hse of Fraser	26	Woolworth Hldg.	50
BOC Grp	27	ICI	42		
BSR	26	'Imps'	12	**Property**	
Babcock	17	ICL	7½	Brit Land	11
Barclays Bank	45	Ladbroke	23	Cap Counties	16
Beecham	32	Legal & Gen.	45	Land Secs	25
Blue Circle	40	Lex Service	40	MEPC	25
Boots	16	Lloyds Bank	50	Peachey	17
Bowaters	25	'Lots'	3	Samuel Props	12
Brit Aerospace	20	Lucas Inds	18	Sterling Guar.	4
BAT	15	'Mams'	14		
Brown (J.)	3	Marks & Spcr.	20	**Oils**	
Burton Ord.	22	Midland Bk.	36	Brit. Oil & Min.	9
Cadburys	11	NEI	10	Brit Petroleum	35
Comm Union	16	Nat West Bk	60	Burmah Oil	17
Courtaulds	11	P & O Dfd	25	Charterhall	9
Debenhams	14	Plessey	20	Premier	6
Distillers	22	Racal Elect	18	Shell	55
Dunlop	5	RHM	8	Tricentrol	20
FNFC	6½	Rank Org Ord	24	Ultramar	60
Gen Accident	42	Reed Intnl	40		
Gen Electric	16	Sears	8	**Mines**	
Glaxo	70	TI	22	Charter Cons	24
Grand Met	30	Tesco	16	Cons Gold	58
GUS 'A'	55	Thorn EMI	55	Lonrho	12
Guardian	50	Trust Houses	10	Rio T Zinc	60
GKN	20	Turner Newall	10		
Hanson Tst	17	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page.

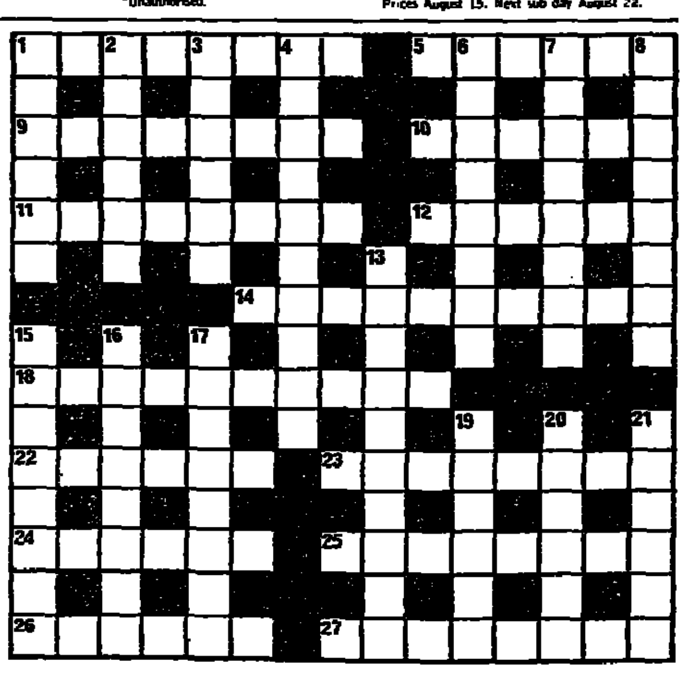
"Recent Issues" and "Rights" Page 23

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,494



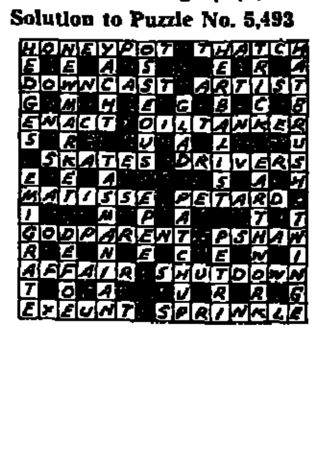
ACROSS

1 Intermittent positions of switch (2, 3, 3)
5 Remains in the countryside (6)
9 Revolutionary tron? (8)
10 Estate developed in China? (3-3)
11 Note: an insult to Fanny? (3-5)
12 Rubber beetle? (6)
14 Unable to go the distance in the fight of life? (4, 3, 3)
18 Not going out in the rain? (4 3, 3)
22 Theft, maritime and literary, proper and improper? (6)
23 Drink is a snare—raider loses head (3, 3, 2)
24 Elevation in shaft? (6)
25 It's painful to dine with sago, possibly (8)
26 A lark's loose in African homes (6)
27 Sun glass? Look at the colour! (3-5)

DOWN

1 Force to be kind? (6)
2 I saved trouble and give counsel (6)
3 Girlish plaything is on a hill in London (6)
4 "Tomorrow to —— and pastures new" (*Milton*)—new set of bowls? (5, 5)
6 Golfer's peg, object bringing *trouble*? (8)
7 Phrase suggestive of "money like water"? (4, 4)
8 *Dined after most of day,* which is steep (8)
13 Something missing in Ned Sherrin—*repulsive exterior,* and no mistake! (10)
15 Rodent gets large piece of bread about lunch-time, possibly (8)
16 A put-up job in descents? (8)
17 Imaginative clue might be "Who would have thought it? No room for more?" (8)
19 Resort of sound potential (6)
20 Poem upset fool with file (6)
21 Heavy stuff, for example, with ... turning up (6)

Solution to Puzzle No. 5,493



هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A	23 8	25 1	....	—
Blue Chip	19 7	20 8	....	—
Fixed Yield	18.5	19.5	....	—
Guaranteed Mny	15.5	16.4	....	—
Managed	18.0	19.0	....	—
International	24 4	25 7	....	—
Property	15 4	16.2	....	—
Pacific	18.5	19.5	....	—
Equity	14 6	15.4	....	—
Special Sits	21.0	22.2	....	—
Int Currency	13.3	14.0	....	—
Index Linked Secs	10 6	11.2	....	—
American	18.3	19.3	....	—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	13.49	14.17	....	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth August 6	£2.63792		....	—
Multi Gwth 'A' Aug 6	242.3	255.1	....	—
Op 8 Prop Aug 9	295.0	268.8	....	—
Op 8 Equity Aug 15	310.4	326.8	....	—
Op 8 Hy Aug 9	256.8	270.4	....	—
Op 8 Man Aug 9	306.9	323.1	....	—
Op 8 Dep Aug 15	195.1	205.4	....	12.24
Op 8 Int Bond Aug 9	166.8	175.6	....	—
Op 8 Inc Dist Aug 9	132.3	139.3	....	8.90
Op 8 Int Man Aug 9	180.1	189.6	....	—
Op 8 UES Aug 9	141.7	149.2	....	12.12
Pens B Pr Ac July 31	319.0	335 8	....	—
Pens B Eq Ac July 31	784.6	825.9	....	—
Pens B FI Ac July 31	356.5	375.3	....	—
Pens B Md Ac July 31	504.4	531.0	....	—
Pens B Dp Acc July 31	304.4	320.5	....	—
PensBGart Glob July 15	891.0	938.0	....	—
Pens B Gar NA July 15	974.0	1026.0	....	—
PensBGart Pac July 15	862.0	908.0	....	—

For Pensions Capital Units please ring extension 519.

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	177.0	186 4	−0.8	—
UK Equity	185 6	195 4	−1.8	—
Overseas Eq	174 2	183 4	−0.7	—
American	178 7	188.2	−1 1	—
Far East	166.0	174.8	+0.1	—
Property	110.2	116.1	−0.1	—
Fixed Int	154 4	167 6	−0.8	—
Indexed Gilt	97.2	102 4	−0 2	—
Deposit	111.2	117.1	+0 1	—
Pension Fund Prices				
Man. Initial	175 9	185.2	−0 9	—
Man Acc.	193.1	203.3	−0 9	—
UK Eq. Initial	172.8	181 9	−2.1	—
UK Eq.	187.1	197 0	−2.3	—
Overseas Eq Initial	195 1	205 4	+0.4	—
Overseas Eq.	221 0	232 7	+0 4	—
American Initial	191.5	201.6	−1 3	—
American	208.1	219.1	−1 4	—
Far East Initial	206 7	217.6	+0.2	—
Far East	225.1	237.0	+0.2	—
Prop. Initial	105.4	111.0	−0.1	—
Prop.	114.4	120.5	−0.2	—
Fixed Int. Initial	138.3	145.6	−0.8	—
Fixed Int.	149.9	157.8	−0.9	—
Indexed Gilt Initial	92.1	97.0	−0.2	—
Indexed Gilt	100.2	105.5	−0.1	—
Deposit Initial	109.7	115.5	....	—
Deposit	119.7	126.0	....	—

NPI Pensions Management Ltd.

Managed Fund	451.5	463.1	....	—

Prices Aug 1. Next dealing August 8.

New Zealand Sth. Brit. Insce. PLC
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key (Managed)	332.2	342.5	....	—
UK Equity	144.9	152.5	+0.3	—
American	244 1	256 9	−1.1	—
Pacific	337.7	355 4	+1.9	—
Property	149.5	157.3	....	—
Gilt	170.6	179.6	....	—
High Inc. Equity	138.9	146.2	+1.1	—
High Inc. Fxd. Int.	103.5	108.9	−0.3	—
Deposit	146.6	154.3	....	—
Index-Linked Gilt	99.0	104.2	....	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES

[illegible]

COMMODITIES AND AGRICULTURE

Animal feed suppliers concerned at drop in sales to dairy farms

BY ANDREW GOWERS

SIGNS that British dairy farmers are over-reacting to the imposition of production quotas by the EEC are causing growing concern in the animal feed industry.

The average size of British dairy herds has declined and milk yields from individual cows have also dropped, according to figures published yesterday by J. Bibby, the animal feed supplier.

Average herd size fell by more than 3 per cent in the first three months since quotas were imposed in April, while yields were cut by more than 5 per cent per cow, Bibby's figures show.

The statistics provide further confirmation that UK farmers initially over-reacted to the quota scheme. Milk Marketing Board figures have already shown that production is running well below the ceiling set by the EEC.

In June, production was more than 9 per cent down on the same month last year, and output in July may have dropped by as much as 11 or 12 per cent, partly as a result of the drought. This compares with the 6½ per cent overall cut in British production called for by the Community.

Bibby's figures also underline a trend which is seriously concerning animal feed producers: the decline in the use of concentrates this year. Concentrates fed to cows per litre of milk dropped by 43 per cent in the April to June quarter, compared with the same period last year.

Mr Ian Smith, managing director of Bibby's agricultural group, said: "The reduction in feeding levels, coupled with culling of cows, has almost certainly gone beyond what was needed to get us down to quota level. It seems likely that some farmers may have unnecessarily damaged their own incomes, as well as the health of their herds."

Animal feed manufacturers estimate that demand for cattle compound feedstuffs this year may be between 15 and 20 per cent down.

Both Bibby and the leading UK feed supplier, Unilever's BOCM Silcock subsidiary, are mounting a campaign to persuade farmers that lowering yields by feeding their cows less concentrate is not the best response to quotas.

BOCM Silcock, for example, pointed out yesterday that farmers would find it more profitable to reduce the size of their herds and maintain yields rather than reducing output per cow, because they could thus reduce fixed costs at the same time as cutting output.

Mr Nick Cuthbert, the company's cattle development manager, said: "Farmers should now stop thinking of limiting milk output and start thinking positively of how best to utilise the increased milk prices applying from now on through the winter and how best to meet milk quota allocation."

Concentrate prices have also dipped in recent months, although both Bibby and BOCM Silcock do not appear to believe that they will drop much further.

Sugar lifted by reports of Soviet interest

REPORTS of renewed Soviet buying interest prompted a sharp upturn in the world sugar market yesterday.

In the morning the London daily raw sugar price was fixed $3 down at $105 a tonne, a new 13-year low, but prices on the London futures market were a little up from the low levels reached on Wednesday.

Reports that the USSR was interested in buying Thai sugar which had been weighing heavily on the market, sparked off speculative buying in the afternoon which left the December futures position £4.30 up on the day at £125.50 a tonne.

● BERNARD MATTHEWS, who pioneered boneless turkey and beef products in Britain, is to market a boneless New Zealand lamb roast throughout Europe.

His Norfolk-based company has signed a 12-year deal with the New Zealand Meat Producers Board for up to 20,000 tonnes of boneless lamb a year worth £75m. The product will be launched in the UK within three months.

New Zealand will supply almost 2½m lambs annually, more than 20 per cent of the total volume New Zealand anticipates shipping to the UK in 1985.

● AUSTRALIAN WHEAT Board expects a 1984-85 crop of 15.5m to 16m tonnes, based on present seasonal conditions, against the record 1983-84 crop of 21.85m.

The board made the prediction in a statement announcing the first deliveries of 1984-85 crop wheat from central Queensland, traditionally the earliest cropping region.

● INDONESIA aims to produce 25m tonnes of rice in the first year of the fourth five-year plan which started last April, President Suharto said.

Harvesting the results of good judgment

Farmer's viewpoint: by John Cherrington

IF MY predecessors on this farm had not been so keen on growing hedgerow trees my harvesting would have been a great deal easier. Actually I doubt if their presence is the result of any conscious act: it is much more likely that the odd self-sown sapling was spared when the hedges were trimmed and, like Topsy, they just growed . . . I have now a good selection, and wherever they shade the field wheat and barley ripening is much delayed.

This did not matter so much when harvesting was done in the old-fashioned way with sheaves stooked up across the field for three Sundays in order to dry off before being stacked and finally thrashed out during the winter. The combine harvester is not as flexible in its approach. It thrashes out the grain from the standing crop, which has to be of uniform ripeness or the whole process of drying and storage can get seriously out of kilter.

This means that for several days before putting in the combine I walk through the crop trying to estimate the moisture content and degree of ripeness. There is a clear distinction in moisture between what is due to the remnants of the sap and what is called water wet, the remnants of dew or a shower on a fully-ripened crop. It is very difficult to dry an unripe crop. Effectively the grain is killed, but even a sodden ripe crop will dry out quite easily.

Of course it is all a matter of judgment. The finer points of damage through premature combining must be set against the depression racing over the Atlantic indicated by the satellite photos on the television forecasts. Although I have a strong suspicion that these are splashed on in the studio by an irrational scenic artist, they have an unfortunate credibility for the unsophisticated farmer like myself, and I watch them avidly.

It was not always so. When I started combining during the last war there were no weather forecasts for security reasons, and I relied on the words of a retired shepherd in the village. Every morning a messenger was despatched to this oracle. On these predictions most of my decisions were based and my recollection is that they were seldom wrong. That shepherd has alas gone and there is no substitute. If there were I would be tempted to get rid of the television and shut off the radio forecasts.

Any assessment of harvest must be subjective, but in general it must be said that the weather over the growing period has at least as much influence as any treatment the farmer provides. For my farm this year the season has been like the curate's egg—good in parts. Most autumn-sown barleys and wheats are yielding very well, but some of the spring sowings are not so good.

In particular there has been a breakdown in the popular spring barley variety, misnamed Triumph, due to foliar disease that did not respond to treatment.

This underlines the benefit of growing several varieties in the expectation that one of them will turn up trumps. This is fine in theory but in practice leads to a great deal of confusion in the store, particularly if one is trying to sell quality grain for either milling or malting. Somehow there is never enough room for the special variety, or, if provision is made for it, yields are low and the silo is half-full while other space is overflowing.

The assessment of grain quality is no longer an art but a science. The first miller I dealt with used to chew a few grains of wheat, weigh a handful in his hand and pronounce on its acceptability. Today it is tested for specific weight and then for protein content by white-coated scientists in a lab and it is on their equipment's judgment that the decision to buy is made. Today's grain buyer is no more than a messenger between the farm and the lab.

Malting barley is dealt with in the same way, and premiums for the best quality can be very large, making accuracy in the selection of samples a matter almost of financial survival. However, even here the guidelines are not hard and fast. If supplies of the highest quality are not available prices will rise for the not so good. It's worth keeping one's ear to the ground, or rather to the telephone, to see just what is happening.

In general this year I think that as is so often the case, extra quantity is not matched by extra quality. Lab results have been infinitely variable in some cases even from samples drawn from the same fields. Buyers will have to compromise with some of their standards if they want to get supplies, at least I hope they will.

Greece rejects sultana growers' plea

BY ANDRIANA IERODIACONOU IN ATHENS

GREEK SULTANA and currant growers protesting over what they consider to be unsatisfactory EEC prices have been told by the Agriculture Ministry that they cannot expect higher levels of subsidy than they are already receiving, and warned that the only way to stay ahead in the market is by improving cultivation methods and processing quality.

Mr Costas Simitis, the Agriculture Minister, told growers this week: "The Greek producer is getting a subsidy of about Drs 80 (52p) a kilo to be able to stay in the market. No one doubts this support is necessary. But the numbers are becoming exorbitant, and there will come a time when neither the Greek nor the European taxpayer will be able to bear the burden."

The Minister pointed out that the cost of buying and processing sultanas is $1,340 (£1,009) a tonne, and for currants $1,270, as opposed to a selling price of $730 and $660 a tonne respectively.

He chided Greek growers for "moving too slowly, if at all, to improve cultivation methods." A ministry circular sent out earlier this week reportedly advised producers that Britain and West Germany had complained about the low quality of Greek sultana and currant processing, and warned that this "created undesirable negative publicity in these demanding markets."

These are harsh words from the Agriculture Ministry, which has solidly backed growers' claims in Brussels against such accusations of low quality since Greece joined the Community in 1981.

The Ministry has fought a particularly hard fight over sultanas, of which Greece is the only significant EEC producer. Britain and the Netherlands are leading importers.

Tin market's problems deep rooted, says report

BY JOHN EDWARDS, COMMODITIES EDITOR

THE PROBLEMS of the tin market are deep-rooted and require sweeping changes to return it to health, according to a report issued yesterday by the London metal research unit of Shearson Lehman/American Express.

The report paints a gloomy picture for the longer-term predicting that the market will remain in structural oversupply.

It predicts only a small growth rate in western world consumption and the need to retain export quotas at a high level, although declining from the present rate of 39.6 per cent to 25 per cent in 1986.

Looking at the short-term outlook, the report says that there is a real deficit of tin available to the world market, which must be supplied from holdings in the hands of the International Tin Council buffer stock at a price, more or less, of the buffer stock's choosing.

It expects that during the next 12 months the London Metal Exchange tin price will align itself in sterling terms with the Straits tin price in Malaysia.

Then, the report adds, the sterling price movement will depend on the exchange rate between the pound and the Malaysian and U.S. dollar. Hence any big change in the value of the U.S. dollar could have a proportionate effect on the London tin price.

It predicts that the Malaysian price will remain in the lower price range of the International Tin Agreement, from M$29.15 a kilo (its present level) to M$32.05, while London prices move within a range of either £9,400 to £10,300 or £9,000 to £10,000 depending on the exchange rate.

The expected 1984 price average is put at £9,150 a tonne for London Metal Exchange cash tin.

Meanwhile, tin values fell back yesterday for the third day in succession on the London Metal Exchange. Cash tin closed £70 lower at £9,175 a tonne. It has dropped by £305 in the last three days.

PRICE CHANGES

[illegible]

LONDON OIL

[illegible]

GAS OIL FUTURES

[illegible]

SPOT PRICES

[illegible]

GOLD MARKETS

Gold rose $¼ to $352-352½ on the London bullion market, after a rather disappointing reaction to the weaker dollar. It also opened at $352-352½, and was fixed at $352.25 in the afternoon and $350.65 in the morning. The metal touched a peak of $352¾-353¼ and a low of $350¼-350¾.

In Paris the 12½ kilo gold bar was fixed at FFr 99,000 per kilo ($350.68 per ounce) in the afternoon, compared with FFr 99,000 ($350.75) in the morning, and FFr 98,300 ($347.65) Tuesday morning.

In Frankfurt the 12½ kilo bar was fixed at DM 32,470 per kilo ($353 per ounce), against DM 32,685 ($353.98), and closed at $352-352½ compared with $350¾-351½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $352.10, against $348.50 Tuesday.

In Zurich gold finished at $352-352½ compared with $351-351½.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Aug	350.50-52.50	—	—
Oct.	357.50-58.90	+2.20	356.70-56.00
Dec	364.00-64.50	+0.85	364.50-61.70
Feb.	370.50-71.50	+0.85	—
April	379.50-82.00	+2.80	—
June	382.00-85.50	—0.50	—

Turnover: 260 (213) lots of 100 troy ounces.

	Aug. 16		Aug. 15	
Gold Bullion (fine ounce)				
Close	$352-352½	(£265 265½)	$351¾ 352¼	(£266½-267)
Opening	$352-352½	(£265¾-266¼)	$355-355½	(£268-268½)
Morning fixing	$350.65	(£264.642)	$353.90	(£267.034)
Afternoon fixing	$352.25	(£265.149)	$350.90	(£265.573)

Gold and Platinum Coins Aug. 16

Krugrnd	$362-362¾	(£272¾ 273¼)	King Sov	$83½ 86	(£63-64)
½Krug.	$186½-187¼	(£140½-141)	Victoria Sov	$83½-85	(£63 64)
¼ Krug.	$95¼-96	(£71¾-72¼)	French 20s	$68 69¾	(£51¼-52½)
1/10 Krug.	$38¼-39½	(£29¼ 29¾)	50 Pesos Mex	$437-439	(£329¼-330¾)
Mapleleaf	$361¾-362½	(£272½-273¼)	100 Cor-Aust	$341-344	(£257-259¼)
New Sov.	$82½-83¼	(£62¼-62¾)	$20 Eagles	$535 545	(£403¼ 410¼)
½ New Sov.	$49½-50¼	(£37¼-37¾)	Noble (Plat.)	$354¼-358¼	(£267-270

EUROPEAN MARKETS

ROTTERDAM, August 16.

Wheat—(U.S. $ per tonne) U.S. No. 2 Soft Red Winter: Sept 154, Oct 157, Nov 160, Dec 162. U.S. No. 2 Northern Spring, 14 per cent protein: Sept 170.50, Oct 171.50, Nov 176.50, Dec 178. U.S. Northern Spring, 15 per cent protein: Sept 176, Oct 177.50, Nov 181, Dec 181.50. U.S. No. 3 Hard Amber Durum: Aug 190, Sept 189, Oct 191, Nov 195, Nov 15/Dec 15 197, April/May 205. Canadian No. 1 Western Amber Durum: Sept 204, Oct 204.50, Nov 207.50, Nov/Dec 212.

Maize—(U.S. $ per tonne) U.S. No. 3 Yellow: Afloat cif Ghent 158, Aug 153.50, Sept 149, Oct/Dec 137.50, Jan/March 141.50 sellers. Argentine, Plate: Afloat 160, Aug 159, Sept 162 sellers.

Soyabeans—(U.S. $ per tonne): Oct 259.75, Nov 259.75, Dec 261.15, Jan 266, Feb 270.75, March 274.50 sellers.

Soyameal—(U.S. $ per tonne), 44 per cent: Oct 187, Oct/Dec 189, Nov/March 192 sellers. Pellets, Brazil: Afloat 184, Afloat cif Ghent 183, Aug 184, Sept 186, Oct 194, Oct/Dec 200, Nov/March 209 sellers. Brazil: Afloat 174, Aug 175, Sept 181, Oct 187 sellers. Pellets, Argentine: Afloat 173, Aug 175, Sept 179, Oct 184.50, Oct/Dec 191, Jan/March 202 sellers. After afloat on Maritsa cif Ghent 173.50, Aqua Glory cif Ghent 175, Sept 176 traded.

PARIS, August 16.

Cocoa—(FFr per 100 kg): Sept 2135-2142, Dec 1955-1959, March 1930-1945, May 1940 bid, July 1960 bid, Sept 1975 bid, Dec 1980 bid. Sales: Nil.

Sugar—(FFr per tonne): Oct 1307-1312, Dec 1333-1336, March 1385-1389, May 1411-1415, Aug 1495-1500, Oct 1520-1560. Sales: 10.

BRITISH COMMODITY PRICES

BASE METALS

[illegible]

COPPER

[illegible]

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
3 months	9170-80	-70	9130-40	-80
Settlem't	9210	-75	—	.....
Standard				
Cash	9208-10	-70.5	9170-80	-70
3 months	9150-60	-72.5	9120-5	-70
Settlem't	9210	-70	—	.....
Straits E.	$29.15	.....	—	.....

Tin—Morning: Standard: Cash £9,210, 15, three months £9,150, 45, 50, 55. High Grade: Cash £9,205. Kerb: Standard: Three months £9,155. Afternoon: Standard: Cash £9,200, three months £9,155, 50, 40, 30, 25, 20, 15, 10, 5, 10, 20. Kerb: Standard: Three months £9,120, 25, 20, 15, 10. Turnover: 4,945 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	348-9	-5.25	350.5-1.5	-1.25
3 months	347-8	-1.25	349.5-50.5	+.25
Settlem't	349	-5	—	.....

Lead—Morning: Three months £348, 47. Kerb: Three months £347.5, 48. Afternoon: Three months £348, 47.5, 48, 49, 49.5, 49, 48.5, 49.5, 50. Kerb: Three months £351, 50, 51, 51.5, 52, 52.5, 53. Turnover: 15,815 tonnes. U.S. Spot: 28.00-32.00 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	622-.5	-10.5	623-4	-5.5
3 months	632.5-3	-10.7	634-.5	-4
Settlem't	622.5	-10.5	—	.....

Zinc—Morning: Cash £621.5, 22, three months £635, 34, 34.5, 34, 33, 32.5. Kerb: Three months £633. Afternoon: Three months £630.50, 30, 30.5, 31, 32, 32.5, 32, 33, 32.5, 33, 33.5, 34. Kerb: Three months £634.5, 35, 37, 38.5, 37, 38, 37, 37.5, 37. Turnover: 14,400 tonnes. U.S. Prime Western: 48.50-50.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	861-2	-10	861-2	-5.5
3 months	884.5-5	-9.5	884.5-5	-5

Aluminium—Morning: Three months £885, 86, 87, 86.5, 86, 85, 84.5. Kerb: Three months £885, 84.5. Afternoon: Cash £859, three months £884, 83, 82.5, 82, 84, 84.5, 85, 84.5. Kerb: Three months £885, 84, 83, 82; 82.5, 82. Turnover: 19,850 tonnes.

NICKEL

[illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

WOOL FUTURES

[illegible]

PIGMEAT

[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

INDICES

[illegible]

HIDES

[illegible]

COTTON

[illegible]

MEAT/FISH

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

Grey seal cull called for

SCOTLAND'S fishermen yesterday called on the Government to reintroduce the annual cull of grey seals because "their dramatic increase now posed a serious threat to fish stocks."

The Scottish Fishermen's Federation rejected a recent government-backed report which maintained the grey seal was still a "relatively rare species."

The annual cull of grey seals was suspended in 1978 and since then seal numbers have risen sharply, said Mr Ian McDonald, the federation's technical adviser.

He estimated that the UK grey seal population was now 84,000, compared to 35,000 in 1965, and said it was growing "unchecked" by about 5 per cent a year.

The federation also criticised the survey methods used by the Sea Mammal Research Unit to determine grey seal numbers.

AMERICAN MARKETS

NEW YORK, August 16

Grains and soyabeans rallied on the close as 5 day weather forecasts indicated only spotty and light relief on moisture. Further stress on crops, which could still be alleviated before the end of the month, carried soyabeans to new highs on this move and contributed to a sympathetic rally in maize and wheat. Heating oil was essentially stable as firm fundamentals were being matched with bearish expectations of further possible oil batering. Gold and silver came under pressure from long liquidation related to the weak tone to currencies along with good dealer selling. Copper and aluminium showed modest losses on arbitrage selling. Sugar rallied sharply on an oversold condition which prompted short-covering and stop loss buying. Cocoa was steady on continued concerns over deliverable supplies. Coffee recovered from sharp losses early in the session to show slight losses on the day as roaster buying developed. Cotton rallied on reports of quality problems in the Delta, reports Heinold Commodities.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
August	5115	—	—	5165
Sept	5140	5180	5145	5190
Oct	5200	—	—	5250
Dec	5320	5360	5320	5370
Jan	5380	—	—	5430
March	5500	—	—	5550
May	5620	—	—	5670
July	5740	5760	5760	5790
Sept	5860	—	—	5910
Dec	6040	—	—	6090

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	144.86	145.40	144.25	145.31
Dec	142.25	144.30	141.60	142.48
March	139.69	139.80	138.90	139.50
May	138.25	138.25	137.50	137.20
July	136.51	—	—	135.49
Sept	134.00	—	—	134.18
Dec	131.26	—	—	131.31

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
August	59.00	59.65	59.65	59.25
Sept	59.30	59.85	59.20	59.60
Oct	59.95	—	—	60.25
Dec	61.15	61.75	61.05	61.45
Jan	61.85	—	—	62.15
March	62.90	64.45	63.00	63.30
May	64.25	64.70	64.70	64.55
July	65.45	65.85	65.50	65.75
Sept	66.70	67.10	67.05	67.00
Dec	68.60	69.20	69.20	68.90

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	65.65	65.80	65.35	65.41
Dec	66.62	66.69	66.10	66.16
March	6815	68.33	67.85	68.00
May	68.90	69.15	69.15	68.75
July	—	—	—	—
Oct	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

ORANGE JUICE 15,000 lb, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	4.08	4.10	3.88	3.70
Oct	4.32	4.35	3.98	3.93
Jan	4.84	4.84	4.48	4.45
March	5.45	5.47	5.02	5.00
May	5.73	5.75	5.31	5.33
July	6.02	6.07	5.60	5.63
Sept	6.22	6.22	5.90	5.86
Oct	6.49	6.50	6.07	6.05
Jan	6.83	6.45	6.48	6.45

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
August	64.87	64.95	64.57	64.82
Oct	63.27	63.47	62.80	62.72
Dec	64.32	64.50	63.65	63.90
Feb	64.90	65.00	64.35	64.47
April	65.65	65.90	65.27	66.25
June	68.62	68.62	68.50	68.32
August	—	66.00	—	—
Oct	—	65.75	—	—

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
August	53.92	54.00	53.60	53.47
Oct	49.20	49.70	49.10	49.15
Dec	51.02	51.25	50.75	50.70
Feb	53.35	53.40	52.82	52.85
April	49.45	49.60	49.10	49.15
June	52.50	52.55	52.25	52.22
July	53.95	53.95	53.60	53.67
August	51.75	51.75	51.05	51.00
Oct	49.47	49.47	49.45	49.45

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Sept	300.6	301.0	298.2	298.2
Dec	287.0	287.2	284.4	285.2
March	294.6	295.0	292.4	294.4
May	301.4	301.4	299.0	301.2
July	304.2	304.2	302.4	304.2
Sept	297.4	297.4	296.0	297.0
Dec	288.4	288.4	287.0	288.4

PORK BELLIES 38,000 lbs, cents/lb

[illegible]

SOYABEANS 5,000 bu min, cents/60lb-bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lbs, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60lb-bushel

[illegible]

Greene King

Commenting at the annual meeting of Greene, King & Sons on the various takeover rumours, Mr John Bridge, the chairman of the Suffolk-based brewer, said that the one concerning Arthur Guinness was the most surprising. Guinness had always been welcome as a substantial and friendly shareholder, he added.

Mr Bridge went on to say that there had been other rumours, but to his knowledge there was no truth in any of them. The company remained independent and it intended to continue to trade successfully and to increase the return on shareholders' investments.

Members were told that results from the first quarter's trading were ahead of last year. Pretax profits in the year to end April, 1984, rose from £8.01m to £8.76m, on turnover of £74.23m (£68.2m).

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to fall

The dollar lost ground in currency markets yesterday in conditions that showed a general lack of direction. U.S. economic statistics released this week have so far failed to indicate any clear overall trend in the path of the U.S. economy and the dollar's fast rise to record highs over the past few weeks has resulted in a number of very long dollar positions. This has consequently precluded any further headlong rush into dollars without the clear mandate of economic statistics showing continued fast economic growth.

Yesterday's fall in U.S. housing starts was much in line with market expectations while a Federal funds rate of 11½ per cent provided some underlying support. The dollar closed DM 2.8546 against the D-mark, its lowest level since late July and down from DM 2.8715 on Wednesday. Against the Swiss franc it dipped to SwFr 2.3740 from SwFr 2.4085 and Y240.45 compared with Y241.60. It was also weaker against the French franc at FFr 8.7650 from FFr 8.8300. On Bank of England figures, the dollar's trade weighted index fell from 136.6 to 135.8.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.3020. July average 1.3210. Trade weighted index 78.7 against 78.6 at noon and in the morning and compared with 78.7 on Wednesday and 82.1 six months ago.

Sterling improved against a weaker dollar but lost ground to most European currencies. The extent of the fall was influenced by the dollar's weaker trend however and the pound appeared to be holding up well ahead of the prospect of lower UK interest rates. It closed at $1.3270-1.3280, a rise of 75 points but eased against the D-mark to DM 3.7925 from DM 3.80 and SwFr 3.1525 from SwFr 3.1825. It was also lower against the French franc at FFr 11.7350 from FFr 11.6575 but improved slightly against the yen to Y319.50 from Y319.25.

D-MARK — Trading range against the dollar in 1984 is 2.8145 to 2.5535. July average 2.8473. Trade-weighted index 124.1 against 126.6 six months ago.

The D-mark was generally firm on the foreign exchanges, improving against the dollar, sterling and the Japanese yen. The dollar declined for the fourth day in a row at the Frankfurt fixing, falling to DM 2.8593 from DM 2.8787, as the Bundesbank sold DM 33.8m, compared with DM 1.65m on Wednesday. Growing conviction that U.S. economic growth has slowed, and may allow lower interest rates, continued to drive down the dollar. Trading was very nervous and volatile, with traders reluctant to take out new positions. Apart from indications that the upward trend in U.S. rates may have peaked, there was also concern at further liquidity strains within the U.S. banking system. Sterling fell to DM 3.7890 from DM 3.8030 at the fixing, and the Japanese yen to DM 1.1855 per 100 yen from DM 1.1895. Within the EMS the D-mark lost ground to the Irish punt and Belgian franc, but improved against the French franc, Dutch guilder and lira.

BELGIAN FRANC — Trading range against the dollar in 1984 is 58.825 to 52.24. July average 57.76. Trade-weighted index 90.1 against 90.8 six months ago.

The Belgian National Bank did not intervene on the foreign exchange market during the week ended August 13, and Belgium's official reserves rose BFr 215m to BFr 77.7bn during the period as a result of receipts from foreign borrowing. Belgium also repaid short-term debt of BFr 2.3bn to the European Monetary Cooperation fund, partly by drawing down its European Currency Unit account.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.2431	+0.76	+0.76	±1.5447
Danish Krone	8.14104	8.17175	+0.38	+0.37	±1.6425
German D-Mark	2.24184	2.23956	−0.10	−0.11	±1.0842
French Franc	6.87456	6.87366	−0.01	−0.02	±1.4052
Dutch Guilder	2.52595	2.52257	−0.13	−0.14	±1.4964
Irish Punt	0.72569	0.726610	+0.13	+0.12	±1.6699
Italian Lira	1403.49	1382.05	−1.53	−1.53	±4.1505

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York Latest

	Aug. 16	Prev. close
Spot	$1.3245-3255	$1.3265-3280
1 month	0.10-0.14 dis	0.13-0.16 dis
3 months	0.45-0.50 dis	0.51-0.55 dis
12 months	2.30-2.40 dis	2.60-2.70 dis

Forward premiums and discounts apply to the U.S. dollar.

THE POUND SPOT AND FORWARD

Aug 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3200-1.3290	1.3270-1.3280	0.10-0.14c dis	−1.08	0.44-0.49dis	−1.40
Canada	1.7250-1.7325	1.7290-1.7300	0.20-0.30c dis	−1.73	0.73-0.86dis	−1.84
Nethlnd.	4.25½-4.28	4.27-4.28	1⅝-1½c pm	4.56	4½-4⅛ pm	4.03
Belgium	76.40-76.75	76.65-76.75	1-7c dis	−0.62	10-20 dis	−0.78
Denmark	13.80-13.86½	13.838-13.848	2.00-0.90ore pm	1.26	½pm-¼dis	−0.04
Ireland	1.2280-1.2310	1.2270-1.2280	0.13-0.29p dis	−2.04	0.61-0.78dis	−2.25
W. Ger.	3.77¾-3.79¾	3.78¾-3.79¾	1⅞-1⅝pf pm	5.14	4⅝-4⅜ pm	4.75
Portugal	198.00-199.80	198.00-199.15	215-620c dis	−25.23	525-1270ds	−18.04
Spain	316.25-316.80	316.40-316.60	55-85c dis	−2.65	210-270 dis	−3.03
Italy	2,332½-2,342	2,339½-2,341½	5-8lire dis	−3.33	24-27 dis	−4.36
Norway	10.91¾-10.93¾	10.92¾-10.93¾	⅛-1¼ore dis	−0.82	4.45-5.55dis	−1.83
France	11.59¾-11.64¾	11.63-11.64	⅛-1c dis	−0.58	2⅞-4⅞ dis	−1.20
Sweden	10.98-11.03½	11.02½-11.03½	⅞-1¾ore dis	−1.36	6½-7½ dis	−2.54
Japan	318¾-320¾	319-320	1.25-1.15y pm	4.51	3.35-3.20 pm	4.10
Austria	26.56-26.68	26.58-26.63	10-7⅞gro pm	4.03	23½-20½ pm	3.28
Switz.	3.14-3.18¾	3.14¾-3.15¾	1⅞-1⅝c pm	6.66	4⅝-4⅜ pm	5.71

Belgian rate is for convertible francs. Financial franc 77.40-77.50. Six-month forward dollar 1.09-1.14c dis. 12-month 2.30-2.45c dis.

THE DOLLAR SPOT AND FORWARD

Aug 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3200-1.3290	1.3270-1.3280	0.10-0.14c dis	−1.08	0.44-0.49dis	−1.40
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.30-58.35.

OTHER CURRENCIES

Aug. 16	£	$		£ Note Rates
Argentina Peso	90.34-90.38	67.98-68.03	Austria	26.45-26.75
Australia Dollar	1.5685-1.5710	1.1825-1.1830	Belgium	76.90-77.70
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dlr	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

* Selling rate.

CURRENCY MOVEMENTS

Aug. 16	Bank of England Index	Morgan Guaranty Changes %
Sterling	78.7	−11.6
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish Kroner	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	[illegible]	[illegible]	[illegible]
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]	[illegible]
D'mark	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French Fr	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn Kr	[illegible]	[illegible]	[illegible]
Spanish Pta	[illegible]	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]	[illegible]
Greek Dr'ch	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]

* CS/SDR rate for August 10: Not available.

EXCHANGE CROSS RATES

Aug. 16	Pound Sterling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschemark	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen 1,000	[illegible]	[illegible]	[illegible]	1000.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc 10	[illegible]	[illegible]	[illegible]	[illegible]	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]
Italian Lira 1,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1000.	[illegible]	[illegible]
Canadian Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]
Belgian Franc 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	11⅛-11¼	11⅜-11⅝	11½-12	5⅝-5⅞	1½-1¾	5-5⅛	11⅛-11⅜	13¼-14¼	10¾-11¼	11-11¼	6-6⅛	10½-11
7 days' notice	10⅞-11⅛	11⅜-11⅝	11½-12	5⅞-6	1⅝-1⅞	5⅛-5¼	11-11¼	13⅝-14⅜	10¾-11¼	11-11¼	6-6⅛	10½-11¼
Month	10⅝-10⅞	11⅜-11⅝	12⅛-12¼	5⅞-6⅛	4¼-4⅜	5¼-5⅜	11¼-11⅜	13⅝-14⅝	10¾-11¼	11⅛-11⅜	6⅛-6¼	11-11½
Three months	10⅞-10⅞	11¾-11⅞	12⅛-12⅜	6¼-6⅜	4⅝-4¾	5½-5⅝	11½-11⅝	14¼-14⅛	11-11½	11⅛-11⅜	6⅛-6⅜	11⅛-11⅝
Six months	10⅞-10⅞	12⅛-12⅜	12⅜-12½	6⅜-6⅝	4⅝-5⅛	6-6⅛	12-12⅛	16⅛-15⅝	11-11½	11¼-11½	6⅜-6⅝	11⅝-11⅞
One year	10⅝-10⅞	12⅜-12½	12⅝-12⅞	6⅞-7	4⅞-5	5⅞-6⅛	12⅝-12⅞	15¾-16¼	11½-12	11⅝-11⅝	6⅜-6⅝	11⅝-12⅛

Asian $ (closing rates in Singapore): Short-term 11⅝-11⅞ per cent; seven days 11⅝-11⅞ per cent; one month 11⅝-11⅞ per cent; three months 11⅝-11⅞ per cent; six months 12-12⅛ per cent; one year 12⅜-12½ per cent. Long-term Eurodollars: two years 13-13⅛ per cent; three years 13¼-13½ per cent; four years 13¾-13½ per cent; five years 13½-13¾ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen: others two days' notice.

FINANCIAL FUTURES

Gilts firm

Gilts were firmer on the London International Financial Futures Exchange yesterday, but other contracts were generally weaker, although above depressed opening levels.

Gilts for September delivery also opened weak at 105-30, with the market falling on the decline in U.S. bonds overnight. The weakness of the dollar on the foreign exchanges appeared to be of little benefit, but the contract eventually rallied to close at the day's high of 106-19, compared with 106-10 on Wednesday.

An announcement at noon of a cut of ¼ per cent in Bank of England money market dealing rates failed to have much impact, since the market has been looking for a reduction of at least ½ per cent and possibly 1 per cent in clearing bank base rates.

Three-month sterling deposits were also unimpressed by the move from the Bank of England. The September contract opened in common with other instruments at 90.05, and closed only slightly firmer at 90.06, compared with the previous settlement of 90.13.

Eurodollars for September opened at 88.39, and were depressed throughout on further fears about liquidity problems in the U.S. banking system. After touching a low of 88.34 the contract rallied slightly to finish near the day's peak, however, at 88.41 compared with 88.45 on Wednesday. Eurodollars and other contracts were boosted by a surprising fall of 6.6 per cent in July U.S. housing starts.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	88.41	88.42	88.34	88.45
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Sept	90.06	[illegible]	[illegible]	90.13
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	106-19	106-19	105-30	106-10
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

STERLING £25,000 $ per £; DEUTSCHE MARKS DM 125,000 $ per DM; SWISS FRANCS SwFr 125,000 $ per SwFr; JAPANESE YEN Y12.5m $ per Y100: [illegible]

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Sept	107.40	107.70	106.70	108.00
Dec	107.55	—	—	108.15
March	107.55	—	—	108.15

Est volume 374 (549)
Previous day's open int 1,118 (1,072)

CHICAGO

U.S. TREASURY BONDS 8% $100,000 32nds of 100%; U.S. TREASURY BILLS (IMM) $1m points of 100%; CERT. DEPOSIT (IMM) $1m points of 100%; THREE-MONTH EURODOLLAR (IMM) $1m points of 100%; STERLING (IMM) $ per £; GNMA (CBT) 8% $100,000 32nds of 100%: [illegible]

	Close	High	Low	Prev
Dec	65-17	65-17	65-07	65-15
March	—	—	—	64-20
June	—	—	—	63-29
Sept	—	—	—	63-09
Dec	—	—	—	62-24
March	—	—	—	—
June	—	—	—	62-00

MONEY MARKETS

Bank of England cuts dealing rates

The Bank of England reduced its money market dealing rates in bands 1 and 2 by ¼ per cent yesterday. The extent of the reduction appeared to catch the market a little off balance since a half point cut in UK base rates had already been discounted as being fairly imminent. A further quarter point cut in dealing rates today would underline this view but at the same time inject a note of caution soon after two quick half point drops in base rates from 12 per cent to 11 per cent.

The dollar's apparent inability to maintain the pace of its recent rise has probably played a significant part in the authorities' attitude in setting a level for UK rates but recent volativity both in the U.S. and UK may make it inadvisable to push too far too fast. This note of caution saw three-month interbank money rise to 10⅞-10¾ per cent up from 10⅝-10¼ per cent while three-month eligible bank bills were bid at 10¼-10⅝ per cent up from 10⅜ per cent. Overnight interbank money opened at 10¾-11¼ per cent and eased gently to 10¾-10⅝ per cent before coming back to finish at 10¾-11⅛ per cent.

UK clearing banks' base lending rate 11 per cent (since August 11)

The Bank forecast a shortage of around £300m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £321m and a rise in the note circulation accounting for £15m. In addition banks brought forward balances £125m below target. These were partly offset by Exchequer transactions which added £180m.

The shortage was revised to £350m and the Bank gave assistance in the morning of £42m, comprising sale and repurchase agreements unwinding in equal amounts on August 23 and 24 at 10¾-11 per cent. The forecast was further revised to a shortage of £400m before taking into account the early help and the Bank gave assistance in the afternoon of £115m. This comprised purchases of £24m of eligible bank bills in band 1 (up to 14 days) at 10¾ per cent and £2m in band 2 (15-33 days) at 10⅝ per cent. It also arranged sale and repurchase agreements on £89m of bills at 10¾ per cent, unwinding on August 23. It also provided late assistance of around £210m making a total of £367m.

MONEY RATES

Aug. 16	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.4-5.5	12⅛	1½-2	6-6⅛	6.15625	16¼-16⅝	9.25	12⅜-12⅝
One month	5.7-5.85	11¼-11⅜	4⅛-4⅜	6⅛-6⅛	6.38125	16¼-16⅝	11⅛-11⅜	12¾-13
Two months	5.80-5.95	11⅜-11⅞	—	—	—	—	—	13⅛-13⅜
Three months	5.90-6.05	11⅜-11½	4⅛-4⅜	6¼-6⅜	6.28125	16½-16⅞	11⅛-11⅜	13¼-13½
Six months	6.15-6.30	11⅜-11⅝	—	6⅝-6¾	—	—	11¼-11½	13⅜-13⅝
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11¼	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Aug. 16 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—	—	—
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Four years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period July 4 to August 7 1984 (inclusive): 11.781 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from August 1 1984. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rate for sums at seven days' notice 8 per cent. Treasury Bills: Average tender rates of discount 10.0426 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 11 per cent; one-three months 10½ per cent; three-six months 10½ per cent; six-nine months 10½ per cent; nine-12 months 10½ per cent. Under £100,000 10½ per cent from August 13. Deposits held under Series 5 10½ per cent. The rates for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. August 16)
3 months U.S. dollars

bid 11 3/4	offer 11 7/8

6 months U.S. dollars

bid 12	offer 12 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	13
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at Intervention	[illegible]

Treasury Bills

One month	[illegible]
Two month	[illegible]
Three month	[illegible]
Six month	[illegible]
One year	[illegible]

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
20 year	[illegible]

Company Notices

GENERAL MOTORS CORPORATION

NOTICE IS HEREBY GIVEN that resulting from the Corporation's Declaration of a Dividend of $1.25 (gross) per share of the Common Stock of the Corporation, payable on the 10th September, 1984, there will become due in respect of Bearer Depositary Receipts a gross distribution of 6.25 cents per unit.

The Depositary will give further notice of the Sterling Equivalent of the net distribution per unit payable on and after the 17th September, 1984.

All claims must be accompanied by a completed Claim Form and USA Tax Declaration obtainable from the Depositary. Claimants other than UK Banks and Members of The Stock Exchange must lodge their Bearer Depositary Receipts for marking. Postal claims cannot be accepted. The Corporation's Second Report for 1984 will be available upon application to the Depositary named below.

Barclays Bank PLC
Securities Services Department
54 Lombard Street
London EC3P 3AH

THE "SHELL" TRANSPORT AND TRADING COMPANY, p.l.c.

NOTICE IS HEREBY GIVEN that a balance of the Register will be struck on Monday, 3rd September 1984, for the preparation of the half-yearly dividend payable on the FIRST PREFERENCE SHARES for the six months ending 30th September 1984. The dividend will be paid on 1st October 1984.

For Transferees to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyds Bank plc, Registrar's Department, Goring-by-Sea, Worthing, Sussex, not later than 3.00 p.m. on Monday, 3rd September 1984.

By Order of the Board
T. J. MADLEY
Assistant Company Secretary

Shell Centre
London SE1 7NA
17th August 1984

THE PACIFIC FUND S.A.
société anonyme

Registered Office:
Luxembourg, 14, rue Aldringen
R.C. LUXEMBOURG Section B No. 7325

DIVIDEND ANNOUNCEMENT
The shareholders are hereby informed that the Annual General Meeting of August 10th, 1984, has approved the payment of a dividend of
U.S.$0.04½ per share
to shares subscribed and in circulation on August 13th, 1984 payable immediately against presentation of coupon No. 2.
The shareholders can cash the dividend at following bank:
— Banque Générale du Luxembourg S.A.
27, avenue Monterey
LUXEMBOURG
THE BOARD OF DIRECTORS

MURRAY FUND S.A.
société anonyme

Registered Office
Luxembourg, 14, rue Aldringen
R.C. LUXEMBOURG Section B No. 8335

DIVIDEND ANNOUNCEMENT
The shareholders are hereby informed that the Annual General Meeting of August 10th, 1984 has approved the payment of a dividend of
U.S.$0.06 per share
to shares subscribed and in circulation on August 13th, 1984 payable immediately against presentation of coupon No. 15.
The shareholders can cash the dividend at following banks:
— Banque Générale du Luxembourg S.A.
27, avenue Monterey
LUXEMBOURG
— Clydesdale Bank Ltd.
30, Lombard Street
LONDON E.C.3
THE BOARD OF DIRECTORS

HOPE STREET FUND S.A.
société anonyme

Registered Office:
Luxembourg, 14, rue Aldringen
R.C. LUXEMBOURG Section B No. 8621

DIVIDEND ANNOUNCEMENT
The shareholders are hereby informed that the Annual General Meeting of August 10th, 1984 has approved the payment of a dividend of
U.S.$0.09 per share
to shares subscribed and in circulation on August 13th, 1984 payable immediately against presentation of coupon No. 15.
The shareholders can cash the dividend at following bank:
— Banque Générale du Luxembourg S.A.
27, avenue Monterey
LUXEMBOURG
— Clydesdale Bank Ltd.
30, Lombard Street
LONDON E.C.3
THE BOARD OF DIRECTORS

CITY OF BIRMINGHAM BONDS

NOTICE IS HEREBY GIVEN that the BOND REGISTER will be CLOSED from 1st September to 30th September, 1984, both dates inclusive, for the preparation of interest due 1st October, 1984.

P. R. SABIN
City Treasurer

City Treasurer's Department,
Council House,
Birmingham B3 3AB.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 15, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of August 15 at 11.00 am
3 months: 11½ 6 months: 12⅛

ECU=U.S.$.768256 SDR1=U.S.$1.01232
Sibor as of August 15 at 11.00 am
3 months: 12 6 months: 12¼

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	7.6313
Algeria	Dinar	4.994
Andorra	Fr. Franc	8.81
	Sp. Peseta	163.70
Angola … Zimbabwe (remaining entries)	[illegible]	[illegible]
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.81
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	82.4771
Paraguay	Guarani (o,o)	240.00
	Guarani (d)	430.00
Peru	Sol (o)	3678.64
Philippines	Peso (5)	18.00
Pitcairn Is	N.Z. Dollar	1.9492
Poland	Zloty (O)	113.04

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Mali Rep. has rejoined U.M.O.A. and effective June 1, CFA franc is official currency. (3) Mali Rep.: Mali franc remains legal tender for three months from June 1. (4) Saudi Arabia: Riyal devalued from 3.51 to 3.53, August 12. (5) New Zealand: Official devaluation of 20%, July 18. (6) Botswana: Approx. 5% devaluation effective July 9. (7) August 4 Upper Volta changed its name to Bourkina Fasso. For further information please contact your local branch of the Bank of America.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 16.

U.S. DOLLAR STRAIGHTS | YEN STRAIGHTS | DEUTSCHE MARK STRAIGHTS | SWISS FRANC STRAIGHTS | OTHER STRAIGHTS | FLOATING RATE NOTES | CONVERTIBLE BONDS

[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

OVER-THE-COUNTER

Continued from Page 22

[illegible]

CAPITAL MARKETS

Eurodollar bonds rally on strength of New York market

BY MAGGIE URRY IN LONDON

MR DONALD REGAN, U.S. Treasury Secretary, provided the talking point for the Eurodollar bond market yesterday when he disclosed that the U.S. Government would not be issuing bonds to foreign investors in bearer form.

Dealers were still awaiting details of a "special registration" procedure for non-domestic holders of U.S. Treasury securities, but took the move to mean that the Administration will not become a heavy borrower in the European markets – on balance good news to Eurodollar bond issuers.

Eurodollar bonds fell in morning trading by ½ point or more, but recovered on the back of a strong opening on the New York bond market to close about ¼ point lower on the day.

The $250m Swedish Export Credit zero-coupon issue, launched late yesterday, traded slowly, outside its 1¼ per cent fees. Only one new issue appeared, a $50m convertible for Konishiroku Photo, which makes Konika cameras. It follows the success of the convertible issue by Nippon Kogagu, the makers of Nikon cameras, last week, now raised from $50m to $80m, and shares the same lead manager, Nikko Securities (Europe).

The 15-year bonds are expected to yield 4 per cent at a par issue price, and carry a 5 per cent conversion premium. Purists will note the three-year put option – indicated at 108 at yield 6.47 per cent – which was lacking in the Nippon Kogagu issue. The Konishiroku issue was quoted well inside its 2½ per cent total fees.

In the sterling market, the World Bank's £100m 11½ per cent bulldog issue, dated 2003, was oversubscribed at yesterday's offer for sale. Applications for up to £300,000 will be alloted in full. Those asking for higher amounts will get 78½ per cent.

In the Swiss market, Soditic has decided not to launch the expected "dual-currency floater" for American Savings and Loan, following accounting problems and the revised second quarter loss announced by its parent Financial Corporation of America. Other savings and loans institutions bonds were – unfairly – marked down, with the new Eurodollar issue from CSB Overseas knocked by a point.

Continental European markets were little changed in quiet trading, although a happier tone is discernible.

EBF Bank bond average		
August 16		Previous
99.430		99.392
High	1984	Low
100.009		98.056

WEEKLY U.S. BOND YIELDS (%)

	Aug 15	Aug 8	1984 High	1984 Low
Composite Corp. AA	13.18	13.04	14.23	12.19
Government:				
Long-term	12.66	12.60	13.69	11.61
Intermediate	12.57	12.50	13.79	11.33
Short-term	12.29	12.26	13.22	10.70
Municipal	9.84	9.84	11.14	9.48
Industrials AAA	12.59	12.47	13.66	11.79
Industrials AA	13.09	12.88	14.13	12.02
Utilities AA	13.26	13.20	14.48	12.33
Preferred Stocks	11.85	11.73	12.17	11.07

Source: Standard & Poor's

Indices

NEW YORK-DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio

[illegible]

* Indicates pre-close figure

	Aug. 16	Aug. 15	Aug. 14	Aug. 13	1984 High	1984 Low
AUSTRALIA						
All Ord. (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Metal & Mins. (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AUSTRIA						
Credit Aktien (2/1/62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BELGIUM						
Belgian SE (31/12/63)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DENMARK						
Copenhagen SE (1/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FRANCE						
CAC General (31/12/82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind Tendance (30/12/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GERMANY						
FAZ Aktien (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Commerzbank (1/12/53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HONG KONG						
Hang Seng Bank (31/7/64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY						
Banca Comm Ital. (1972)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JAPAN**						
Nikkei-Dow (16/5/49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo SE New (4/1/68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NETHERLANDS						
ANP-CBS General (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ANP-CBS Indust (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORWAY						
Oslo SE (4/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SINGAPORE						
Straits Times (1966)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOUTH AFRICA						
Gold (1958)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrial (1958)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPAIN						
Madrid SE (30/12/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWEDEN						
Jacobson & P. (1/1/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWITZERLAND						
SwissBankCpn.(31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD						
Capital Intl. (1/1/70)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

** Saturday August 11: Japan Nikkei-Dow (c), TSE (c).
Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.